

# Operational Audit and Asset Management System Review

Ord Irrigation Cooperative

3605-07



Prepared for  
Economic Regulation Authority of Western  
Australia

August 2015

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# Executive Summary

## General

Ord Irrigation Cooperative holds a water services operating licence (WL37) which permits it to provide non-potable water supply services and irrigation services and undertake, maintain and operate any water service works within the current operating area set out in Plan Number OWR-OA-284(B). The operating licence was granted by the Economic Regulation Authority (ERA) on 29 November 2002 and last amended on 23 December 2013.

The Ord Irrigation Cooperative (OIC) was formed in 1996 to operate and manage the business of providing water and drainage services to the farms within Stage I of the Ord River Irrigation Area (ORIA) as part of the transfer of the irrigation assets and business from the State to the growers.

Construction of the Ord River Dam resulted in Australia's second largest inland reservoir, Lake Argyle. Of the reliable storage of 11,000 gigalitres in Lake Argyle, 335 gigalitres are allocated to Stage 1 of the Ord River Irrigation Area. Water is released from Lake Argyle through the Ord hydro power supply and through controlled releases from the Water Corporations regulating valves at the base of the dam. An additional flow is also released through the Spillway Plug into Spillway Creek to provide dry season flow.

These combined releases comprise the inflow into Lake Kununurra, with irrigation water delivered to farms from Lake Kununurra. Water Corporation owns and operates the bulk water infrastructure from which the irrigation is released to supply water to the main off-takes. The Water Corporation has also maintained ownership of the M1 Channel and its infrastructure. The Ord Irrigation Cooperative operates and maintains this through an Operations and Maintenance Contract with Water Corporation.

The Ord Stage 1 area is 15,059 hectares of agricultural land, which currently has over 300 kilometres of irrigation channels and drains, over 120 regulators, 1,200 service meters, and 61 individual customers. Water is gravity fed to farms via a series of earth lined open supply channel by a combination of automatic and manual operation of the channel control and check-structures to reach supply points, where water enters individual farm lots.

The Ord Expansion Project is currently investing over \$300 million on developing additional agricultural land and supporting infrastructure, including supply channels, drains, and roads. The expansion is seen as a long-needed addition to the existing irrigated land in order to improve economies of scale within the region.

Although the current version of the operating licence has been expanded to include the area to be served by the Expansion Project, there have been no negotiations involving OIC related to servicing this area, and, as a result, there have been no significant changes to the assets managed by OIC since the last audit. The Authority has issued the latest version of the operating licence (WL37, Version 4) consistent with the *Water Services Act 2012*.

## Audit and Review Objectives

Cardno was commissioned by the ERA to undertake an operational audit and asset management system review of the Ord Irrigation Cooperative in accordance with the requirements set out in Sections 24 and 25 of the *Water Services Act 2012 (WA)* and also included in Clauses 14 and 20 of its operating licence.

The operational audit has been conducted in order to assess Ord Irrigation Cooperative's level of compliance with the conditions of its operating licence.

The asset management system review has been conducted in order to assess the effectiveness of Ord Irrigation Cooperative's asset management system.

This report outlines the findings of the audit and review of the Ord Irrigation Cooperative to fulfil the above objectives, conducted on Tuesday 2 June 2015 and Wednesday 3 June 2015. The operational audit covers

the period of 1 June 2012 to 31 May 2015. The asset management system review also covers the period 1 June 2012 to 31 May 2015.

The audit was carried out in accordance with the *Audit and Review Guidelines: Water Licences*, as published by the ERA in July 2014.

## Operational Audit

### ***Findings from the Previous Operational Audit***

The previous audit identified that the Cooperative had not complied with all of its Water Services Operating Licence performance and quality standards and licence obligations during the audit period 1 June 2009 to 31 May 2012. A number of improvement opportunities were identified and the resulting recommendations included in the Post-Audit Implementation Plan.

The non-compliances from the previous operational audit are as follows:

1. Not complying with the licence performance of providing all customers with an annual advice that the water is non-potable.  
*Resolved during audit period*
2. Not providing a current copy of the Customer Service Charter, or a summary document approved by the Authority, to all customers at least once in every three year period.  
*Resolved during audit period*
3. Not providing services in accordance with the current Customer Service Charter by not publishing a newsletter every six months.  
*Resolved during audit period*
4. Not complying with a minimum requirement for customer consultation due to not publishing a newsletter or establishing other forums for community consultation.  
*Resolved during audit period*
5. Not including items of 'season opening and closing conditions', 'tariffs' and 'scheme operation' on the Agenda of the Annual General Meeting of customers.  
*Resolved during audit period*
6. Not providing the 2009/10 Compliance Report to the Authority within the required timeframes. Also, the OIC could not provide any evidence that the Performance Reports for 2008/09 to 2010/11 were submitted to the Authority by the due date.  
*Resolved during audit period*

In addition to the non-compliances that were identified, the previous audit also identified a partially completed issue from the 2009 audit, namely:

7. Not maintaining a record of meetings held with customers.  
*Resolved during audit period*

### ***Findings from the Current Operational Audit***

Issues identified during the current audit (with reference to the summary of recommendations in Section 6):

## Water Services Act 2012

1. A1/2015 – The licensee has not complied with all applicable legislation.

2. A2/2015 - The licensee has not complied with all of the obligations of the Water Services Code of Conduct (Customer Service Standards) 2013.

**Water Services Code of Conduct (Customer Service Standards) 2013**

3. A3/2015 and A4/2015 – The Licensee does not accept payments by all the prescribed methods under Clause 21(1) of the Code as it does not accept payments by direct debit, Centrepay or telephone. As a result, the licensee does not obtain customer consent for direct debits (Clause 22).
4. A5/2015 - The licensee does not accept payment in advance from a customer on a customer's request in accordance with Clause 23(1) of the Code.
5. A6/2015 - The licensee does not advertise the specified services in Clause 36(1) of the Code as being available to customers.
6. A7/2015 - The licensee does not make all of the prescribed (Clause 37(1) of the Code) information publicly available.

**Water Services Act 2012 (Licence Conditions)**

7. A8/2015 - The licensee has not complied with all of the obligations of the Water Services Code of Conduct (Customer Service Standards) 2013
8. A9/2015 - The licensee has submitted the data required for performance reporting purposes that is specified in Water Compliance Reporting Manual after the due date for two of the three years in the audit period.
9. A10/2015 - The licensee has not complied with all the duties imposed on it by the Act as it was unable to meet all Code requirements.

**Summary Opinion of the Control Environment**

With respect to the operation of the licenced services during the audit period, the Auditor conducted tests and assessed the control environment, the procedures, policies and performance of the Ord Irrigation Cooperative and found that it had an adequate control environment to ensure that the majority of licence obligations are met and that it operates in accordance with the operating licence. For the non-compliances observed, we found that the controls were generally adequate. We did not observe any instances where we considered the controls in place to be inadequate.

**Operational Audit - Overall Compliance**

The overall compliance of the Ord Irrigation Cooperative with its licence is summarised in Section 4.2 of this report. 10 of 167 items were rated as non-compliant. All other items were assessed as compliant, not applicable or not able to be rated.

**Asset Management System Review****Findings of the Previous Asset Management System Review**

The asset management system review assessed the performance of the Ord Irrigation Cooperative against the key asset management processes and effectiveness criteria set out in the ERA Guidelines.

The previous asset management system review identified the following recommendations:

1. Asset Operations - Policies and Procedures: Review and update the Operations Policies and Procedures documents and Waterman's Manual to reflect current information.  
*Resolved during audit period*
2. Asset Operations – Asset Management Information System: Update or replace the Asset Management Information System to include accurate asset descriptions, locations and condition assessment, with adequate system documentation and useful reporting capabilities.  
*Resolved during audit period*

3. Asset Operations – Training: Review the training needs of staff on an annual basis and maintain a record of training needs and training delivered.  
*Resolved during audit period*
4. Asset Maintenance – Policies and Procedures: Document a Maintenance Policy and Procedure that is based on the suggested maintenance schedules in the AMP (if still relevant) and a current risk assessment.  
*Resolved during audit period*
5. Asset Maintenance – Policies and Procedures: Create a Maintenance Schedule outlining tasks, timing and importance with provision to record maintenance tasks completed each six months.  
*Resolved during audit period*
6. Asset Maintenance – Condition Assessment: Implement a procedure for annual review of the condition of all assets for the scheme and to record this information in the Asset Management Information System.  
*Resolved during audit period*
7. Risk Management: Implement the Risk Management Policy to assess the risk of failure of individual asset components and other threats, such as non-compliance with the licence obligations. This would require the Risk Management Forms to be completed and the results summarised in a Risk Register.  
*Resolved during audit period*
8. Risk Management: Provide the Risk Register with risk treatment plans at least annually to the Board to review as per the Risk Management Policy and to enable monitoring of risk treatment actions.  
*Resolved during audit period*
9. Risk Management: Consider the risk assessment when updating the Asset Management Plan.  
*Resolved during audit period*
10. Contingency Planning: Review the Disaster Management Policy and contingency plans on an annual basis, including any changes in the risk assessments and any specific testing considered necessary.  
*Resolved during audit period*
11. Financial Planning: As part of the 5 year Financial Plan, develop projected Statements of Financial Position in order to provide a better analysis of past performance and to assist future planning.  
*Resolved during audit period*
12. Review of Asset Management System: Implement a procedure to review/update the Asset Management Plan on an annual basis or if major changes occur, and full revision and re-issue every 5 years. The asset condition assessment, maintenance policies, capital expenditure plans and financial plans should be revised annually.  
*Resolved during audit period*
13. Review of Asset Management System: Document the review process in the Asset Management Plan, including information such as responsibility, what is reviewed and how frequently.  
*Resolved during audit period*
14. Review of Asset Management System: Update the Plan Review section of the AMP accordingly, including the requirement to notify the Authority of any changes to the asset management system within 10 business days (Major revisions of the AMP should be advised to the Authority).

*Partially resolved during audit period*

15. Review of Asset Management System: Keep track of all reviews of the AMP in a document history section.

*Resolved during audit period*

### **Findings of the Current Asset Management System Review**

The review of the Ord Irrigation Cooperative asset management system identified that all but one of the asset management processes were rated A1. The only asset management process that has been rated less than A1 is for the component of *Asset Operations– Assets are documented in an Asset register including asset type, location, material, plans of components, an assessment of asset’s physical/structural condition and accounting data*. This has been rated as A2 as although condition information is being input into Loc8, the asset management system, this has not been completed and is currently an ongoing process.

Based on our asset management system review observations and findings, we consider that the adequacy and performance of the licensee’s system meets a level appropriate for the licensee, given the size, asset base and risks associated with the services that it is licenced to provide. Generally the gradings that we have assigned to the licensee’s asset management system components reflect that there is room for improvement to achieve what would be considered ‘best practice’.

Process improvement opportunities have been included in the review, Table 5.1. The following recommendations and process improvement opportunities were identified during the current review:

Reference (no./year)	Asset Management System Component	Issue	Auditor’s recommendation
R1/2015	A2 <i>Asset Operations - Assets are documented in an Asset Register including asset type, location, material, plans of components, and an assessment of assets’ physical/structural condition and accounting data.</i>	<p>Condition information is being input into Loc8 but this is an ongoing process.</p> <p>Asset condition information is available in the OIC’s pervious asset information system, Greenbase, but this data was not able to be imported into Loc8.</p> <p>OIC maintains the data that was in the Greenbase system but generally does not use it.</p>	<p>We recommend that OIC looks to record the asset condition information during the next annual inspection in 2016 and looks to input this data into Loc8.</p> <p>Although OIC has good knowledge relating to its assets and their condition, having a full set of asset condition information in its asset management system would enhance the prioritisation for remedial work and renewals for the capital expenditure program.</p>

### **Assessment of the Effectiveness of the Asset Management System**

Based on the outcomes of the audit, the Auditors found that the asset management processes and measures have been well implemented and are being followed. It is the Auditor’s opinion that the asset management system is operating satisfactorily given for the provision of the licensee’s non-potable water supply service and irrigation service.

### **Asset Management System Review - Overall Effectiveness**

A summary of our assessment of the effectiveness of the Ord Irrigation Cooperative’s Asset Management System is provided in Section 4.3. All elements were rated “A” or better for policy and procedures. All elements but one were graded “1” or better for performance.

The only asset management component assigned a lower rating than A1 was the A2 assigned to the component of *Asset Operations– Assets are documented in an Asset register including asset type, location, material, plans of components, an assessment of asset’s physical/structural condition and accounting data*. Although condition information is being input into Loc8, the asset management system, this has not been

completed and is currently an ongoing process. We have recommended that that OIC looks to record the asset condition information during the next annual inspection in 2016 and looks to input this data into Loc8.



# Table of Contents

<b>Executive Summary</b>	<b>iii</b>
<b>1 Introduction</b>	<b>1</b>
1.1 Background	1
1.2 Overview of the Ord River Irrigation Area and the Role of Ord Irrigation Cooperative	1
1.3 Purpose of this Report	2
<b>2 Scope of Works</b>	<b>4</b>
2.1 Audit/Review Objectives	4
2.2 Scope of Works	4
2.3 Methodology and Approach	4
2.4 Time Period Covered by the Audit/Review	13
2.5 Time Period of the Audit/Review Process	13
2.6 Details of the Licensee Representatives Participating in the Audit/Review	13
2.7 Details of Key Documents and Other Information Sources	13
2.8 Details of Auditors Participating in the Audit/Review and Hours Utilised	15
<b>3 Licensee's Response to Previous Recommendations</b>	<b>16</b>
3.1 Previous Audit Non-Compliances and Recommendations	16
3.2 Previous Review Ineffective Components and Recommendations	24
<b>4 Performance Summary</b>	<b>35</b>
4.1 Assessment Rating Scales	35
4.2 Operational Audit Compliance Summary	36
4.3 Asset Management Review Effectiveness Summary	43
<b>5 Observations and Recommendations</b>	<b>48</b>
5.1 Performance Audit	48
5.2 Asset Management System Review	125
<b>6 Recommendations</b>	<b>149</b>
6.1 Performance Audit	149
6.2 Asset Management System Review	152
<b>7 Confirmation of the Audit/Review</b>	<b>153</b>

## Tables

Table 2-1 Licence Audit Methodology	6
Table 2-2 Asset Management Review Methodology	9
Table 2-3 Details of Licensee Representatives	13
Table 2-4 Details of Audit / Review Team Members	15
Table 3-1 Previous Audit Non-compliances and Recommendations	16
Table 3-2 Previous Review Ineffective Components and Recommendations	24
Table 4-1 Audit Compliance and Controls Rating Scales	35
Table 4-2 Asset Management Process and Policy Definition Adequacy Rating	35
Table 4-3 Asset Management Performance Ratings	36
Table 4-4 Audit Obligation Ratings	36
Table 4-5 Asset Management Review Effectiveness Summary	43

Table 5-1	Performance Audit Observations	48
Table 5-1	Asset Management System Review Observations	125
Table 6-1	Table of Current Non Audit Compliances and Recommendations	149
Table 6-2	Table of Current Review Asset System Deficiencies/Recommendations	152

## Appendices

Appendix A	Risk Management Framework
Appendix B	Asset Management Performance Rating Definitions

# 1 Introduction

## 1.1 Background

The Economic Regulation Authority (ERA) is responsible for regulating the licensing schemes for gas, electricity and water services in Western Australia. The primary objective of regulation is to ensure the provision of a competitive and fair environment, particularly where businesses operate as natural monopolies.

The Ord Irrigation Cooperative holds a water services operating licence (WL37) which permits it to provide non-potable water supply services and irrigation services and undertake, maintain and operate any associated water service works within the current operating area set out in Plan Number OWR-OA-284(B). The operating licence was granted by the Economic Regulation Authority (ERA) on 29 November 2002 and last amended on 23 December 2013.

There have been no significant changes to the assets since the last audit. The Authority has issued the latest version of the operating licence (WL37, Version 4) consistent with the *Water Services Act 2012*.

## 1.2 Overview of the Ord River Irrigation Area and the Role of Ord Irrigation Cooperative

Construction of the Ord River Dam resulted in Australia's second largest inland reservoir, Lake Argyle. Of the reliable storage of 11,000 gigalitres in Lake Argyle, 335 gigalitres are allocated to Stage 1 of the Ord River Irrigation Area. Water is released from Lake Argyle through the Ord hydro power supply and through controlled releases from the Water Corporations regulating valves at the base of the dam. An additional flow is also released through the Spillway Plug into Spillway Creek to provide dry season flow. These combined releases comprise the inflow into Lake Kununurra, with irrigation water delivered to farms from Lake Kununurra.

The Ord Irrigation Cooperative (OIC) was formed in 1996 to operate and manage the business of providing water and drainage services to the farms within Stage I of the Ord River Irrigation Area (ORIA) as part of the transfer of the irrigation assets and business from the State to the growers. The Ord Irrigation Cooperative (OIC) holds a licence with the Department of Water (DoW) that allows it to take water and also holds an operating licence from the ERA that authorises it to provide non-potable and irrigation services.

The Ord Irrigation district also has a second cooperative, the Ord Irrigation Asset Mutual Cooperative (OIAMC), which is a separate business to the OIC, and which is the asset owner of the majority of the assets within the irrigation areas. The OIAMC charges growers on a per hectare fee to fund maintenance/renewals and to also maintain a disaster fund to be used for any works damaged as a result of wet season flooding or any other major incident.

The OIC have a contract with the OIAMC to operate and maintain the assets. The only scheme assets that the OIC owns are the Supervisory Control and Data Acquisition system. Although the OIC operates and maintains the assets under contract on behalf of the OIAMC, the asset-related policies and associated asset management activities have an input from the OIAMC.

In addition to the OIAMC-owned assets within the irrigation districts, Water Corporation owns and operates the bulk water infrastructure from which the irrigation is released to supply water to the main off-takes. The Water Corporation has also maintained ownership of the M1 Channel, the main irrigation supply channel running the length of the Ivanhoe Plains irrigation area, and its associated infrastructure. The Ord Irrigation Cooperative operates and maintains this through an Operations and Maintenance Contract with Water Corporation.

The OIC serve a total area of 15,059 hectares in the Stage 1 irrigation area. This consists of 111 properties owned by 63 different customers. The OIC operates and maintains approximately 3,000 assets to deliver

non-potable water to its customers, including 125km of channels, 169km of drains, over 120 regulators and 1,200 service meters.

Stage 1 is divided up into two separate operating areas, the Ivanhoe Plains area and the Packsaddle Plains area. The Ivanhoe Plains area is serviced through the Water Corporation-owned M1 channel. The Packsaddle Plains area is serviced from a pumping station further upstream on the Ord River from the M1 channel offtake. Water is gravity fed to farms via a series of earth lined open supply channel by a combination of automatic and manual operation of the channel control and check-structures to reach supply points, where water enters individual farm lots.

Currently the main produce grown in the irrigation district is sandalwood trees, which constitute over 40% of the total current value of crops grown. There is also a significant amount of mango crop, particularly in the Packsaddle Plains irrigation area, and different varieties of melons. In recent years an increasing amount of chia has been grown and this now constitutes in the region of 2,720 ha of the farmed land. The OIC's customers are flexible to change the produce they grow depending on demand, price and disease.

The OIC has two different types of customer; Members and Non-Members. Members are shareholders and receive a set water entitlement for their property. Non-members have a different agreement with the OIC and are not covered under the requirements of the Customer Service Charter.

Although Member customers receive a share of the overall water entitlement provided to the OIC under licence from the DoW each year, they must order the water they require using the OIC's water ordering system. Non-members are regarded as opportunistic customers and must have storage on their properties for not less than seven days. Member customers do not have this water storage requirement. There is a small difference in the price that Members and Non-Members pay for their water, water security is the main difference between customer types.

The Ord Expansion Project, known as Stage 2 of the development, is currently investing over \$300 million on developing additional agricultural land and supporting infrastructure, including supply channels, drains, and roads. The expansion is seen as a long-needed addition to the existing irrigated land in order to improve economies of scale within the region. The infrastructure in the new growing area is owned by the Department of Regional Development and the Water Corporation and has been leased to Kimberley Agricultural Investments (KAI).

The OIC modified the boundaries of its operating area to include Stage 2 for the latest version of its ERA operating licence although it is not a certainty that its operations will extend to servicing this area. However, water has been sold by the OIC to the KAI for growing on 800 ha of land in Stage 2 during the current season. There is a separate metering point on the M1 channel that supplies the Stage 2 area.

### 1.3 Purpose of this Report

As a condition of its licence, Ord Irrigation Cooperative is required to conduct a performance audit and asset management review that assesses the performance of the licensee against its obligations under the licences.

Sections 24 and 25 of the *Water Services Act 2012* obligate the licensee to provide the Authority with an operational audit conducted by an independent expert acceptable to the Authority not less than once in every 24 month period (or such longer period as the Authority allows) and provide the Authority with a report by an independent expert acceptable to the Authority as to the effectiveness of the asset management system not less than once in every 24 month period (or such longer period as the Authority allows).

The purpose of the performance audit was to assess the effectiveness of measures taken by the licensee to meet the conditions referred to in the licence including the legislative obligations called up by the licence. The scope of the audit report includes assessing the adequacy and effectiveness of performance against the requirements of the licensee by considering:

- ▶ process compliance
- ▶ outcome compliance

- ▶ output compliance
- ▶ integrity of reporting
- ▶ compliance with any individual license conditions.

The asset management system review covers:

- ▶ asset planning
- ▶ asset creation/acquisition
- ▶ asset disposal
- ▶ environmental analysis
- ▶ asset operations
- ▶ asset maintenance
- ▶ asset management information system
- ▶ risk management
- ▶ contingency planning
- ▶ financial planning
- ▶ capital expenditure planning
- ▶ review of the asset management system.

## 2 Scope of Works

### 2.1 Audit/Review Objectives

The objectives of this operating licence audit and asset management system review were to:

1. Provide to the Authority an independent assessment of the Ord Irrigation Cooperative's compliance with all of the relevant obligations under the licences
2. Provide to the Authority an independent assessment of the effectiveness of the Ord Irrigation Cooperative's asset management system in relation to WL37
3. Provide recommendations to address non-compliances, if any.

### 2.2 Scope of Works

The audit encompassed an assessment of the following four key areas using a risk based approach (to ISO 31000:2009):

- ▶ Process compliance: assessment of the effectiveness of systems and procedures
- ▶ Outcome compliance: assessment of actual performance against the prescribed licence standards
- ▶ Output compliance: assessment of records to indicate procedures are followed and controls are maintained
- ▶ Integrity of reporting: assessment of the completeness and accuracy of the compliance and performance reports.

The scope of works of this audit included:

- ▶ Interviews with key staff members from the Ord Irrigation Cooperative to:
  - Assess findings from the last audit and review the actions taken to address the recommendations from the previous audit / review
  - Assess performance against licence conditions for WL37
  - Assess performance against each asset management process for WL37
- ▶ Reviews of documents, procedures and policy manuals in relation to financial management and planning, service performance standards, asset management, operations and maintenance functions and reporting
- ▶ Testing and assessment to determine whether the procedures and policies are followed and determine its effectiveness
- ▶ Preparation of an audit report in accordance with the format outlined in the ERA Audit and Review Guidelines: Water Licences (July 2014).

### 2.3 Methodology and Approach

The audit was undertaken in accordance with ASAE3000. Our approach to the reporting work was to work closely with the licensee so that comments and challenges could be responded to and addressed before the audit report was finalised. The key areas of our approach included:

- ▶ A start-up discussion (by telephone) with the Ord Irrigation Cooperative to:
  - Discuss the main issues to be addressed at audit
  - Identify any issues from the previous audit

- Identify any new issues arising from changes to the Licence or operating environment requirements
- Discuss the audit plan.
- ▶ Preparation of a draft audit plan for comment by the licensee. The audit plan identified the number and location of audits, the information to be addressed and the auditor responsible.
- ▶ Submission of the draft audit plan to the ERA for approval
- ▶ A start-up meeting on-site at the beginning of our audit work
- ▶ On-site audit work comprising:
  - Face-to-face interviews with business staff responsible for the audit area
  - Demonstration of key systems
  - Sample testing for outcome compliance (assessing sample of documents to confirm procedures / policies are followed and implemented)
  - Review of any non-compliances and assess if any corrective action was undertaken and its effectiveness
  - Controls assessment on obligations that are found to be non-compliant or were assessed as audit priorities 1, 2 or 3 as per the Audit Guidelines
- ▶ Preliminary audit feedback at the audit close-out meeting
- ▶ Preparation of a draft report for the ERA and Ord Irrigation Cooperative's review and comment
- ▶ Preparation of a final report for submission to the ERA

Our methodology for completing this audit assignment was based on:

- ▶ A risk assessment that determined the priority of each audit area, using the risk management framework in Appendix A
- ▶ Our understanding of the licensee's business
- ▶ The experience of our audit team in undertaking regulatory audits which has been gained in several jurisdictions in Australia and in the United Kingdom
- ▶ The outcome of the previous audit completed of the licensee

Our audit methodology, including the key documents required to be reviewed and the supporting systems that we requested to see demonstrated, is detailed in Table 2-1 and Table 2-2.

**Table 2-1 Licence Audit Methodology**

Audit Area	Priority	Approach	Systems	Key Documents
<b>Licence Audit</b>				
Clause 4 Fees	5	<ul style="list-style-type: none"> <li>Review invoices from Authority and receipts of payment</li> </ul>		<ul style="list-style-type: none"> <li>Invoices and receipts</li> </ul>
Clause 5 Compliance	Various	<ul style="list-style-type: none"> <li>Review legislative requirements and confirm compliance</li> <li>Identify any corrective action applied to correct / prevent breaches of compliance</li> </ul>	<ul style="list-style-type: none"> <li>Work scheduling system</li> </ul>	<ul style="list-style-type: none"> <li>Performance standards</li> <li>Compliance Summary Reports (record of breaches)</li> </ul>
Clause 12 Accounting Records	4	<ul style="list-style-type: none"> <li>Check that 2011/12, 2012/13 and 2013/14 financial statements are signed off as being to appropriate standards</li> </ul>		<ul style="list-style-type: none"> <li>2011/12 Financial Statement</li> <li>2012/13 Financial Statement</li> <li>2013/14 Financial Statement</li> <li>Most recent 2014/15 financial information</li> </ul>
Clause 13 Individual Performance Standards	NA	<ul style="list-style-type: none"> <li>Confirm that not applicable</li> </ul>		
Clause 14 Operational Audit	4	<ul style="list-style-type: none"> <li>Confirm Authority's requirement for an operational audit every 24 months</li> <li>Check if any requests have been submitted to the Authority to review requirements</li> </ul>	<ul style="list-style-type: none"> <li>Correspondence register</li> </ul>	<ul style="list-style-type: none"> <li>Previous operational audit reports</li> <li>Correspondence with the ERA</li> </ul>
Clause 15 Reporting change in circumstances	5	<ul style="list-style-type: none"> <li>Review any correspondence with the Authority</li> </ul>	<ul style="list-style-type: none"> <li>Correspondence register</li> </ul>	<ul style="list-style-type: none"> <li>Correspondence with ERA</li> </ul>
Clause 16 Provision of Information	4	<ul style="list-style-type: none"> <li>Confirm that the licensee has provided the Authority with data required for performance monitoring purposes as set out in the Compliance Reporting Manual.</li> </ul>	<ul style="list-style-type: none"> <li>Correspondence register</li> </ul>	<ul style="list-style-type: none"> <li>Annual compliance reports</li> <li>Annual performance reports</li> <li>Correspondence register</li> </ul>
Clause 17 Publishing Information	4	<ul style="list-style-type: none"> <li>Check if any requests have been issued by the Authority to publish any information relating to the performance of the Licensee and correlating response</li> </ul>	<ul style="list-style-type: none"> <li>Correspondence register</li> </ul>	<ul style="list-style-type: none"> <li>Letters of notification / requests from the Authority</li> <li>Response to the Authority</li> </ul>
Clause 18 Notices	4	<ul style="list-style-type: none"> <li>Confirm all notices are issued in writing</li> </ul>	<ul style="list-style-type: none"> <li>Correspondence register</li> </ul>	<ul style="list-style-type: none"> <li>Issued notices</li> <li>Licensee communication/correspondence to the Authority</li> </ul>



Audit Area	Priority	Approach	Systems	Key Documents
Clause 19 Review of the Authority's Decisions	4	<ul style="list-style-type: none"> <li>Confirm if any requests of a reviewable decision has been issued to the Authority and correlating response</li> </ul>		<ul style="list-style-type: none"> <li>Requests for review of decision (Correspondence)</li> </ul>
Clause 20 Asset Management System	4	<ul style="list-style-type: none"> <li>Confirm that the asset management policies and procedures meet legislative requirements. Note for compliance with this clause the auditor simply needs to assure themselves that an asset management system is in place (i.e. AMP, staff, IT system etc.). For the level of effectiveness the auditor should refer to the Asset Management System Review undertaken concurrently.</li> </ul>	<ul style="list-style-type: none"> <li>Enterprise Asset Management System</li> <li>Computerised Maintenance Management System</li> </ul>	<ul style="list-style-type: none"> <li>Asset Management Policies</li> <li>Asset Management Plans</li> <li>Asset Management Systems and Procedures Manual</li> <li>Asset Register</li> </ul>
Clause 21 Water Services Ombudsman Scheme	4	<ul style="list-style-type: none"> <li>Confirm whether the licensee is a member of a scheme and assess compliance</li> </ul>	<ul style="list-style-type: none"> <li>Correspondence register</li> </ul>	<ul style="list-style-type: none"> <li>Correspondence with ERA</li> <li>Correspondence with Ombudsman</li> </ul>
Clause 22 Standard Terms & Conditions	NA	<ul style="list-style-type: none"> <li>Confirm that not applicable</li> </ul>		
Clause 23 Customer Contract	4	<ul style="list-style-type: none"> <li>Check whether the Authority has asked for and approved a customer contract during the audit period.</li> <li>Confirm that the contracts comply with the Customer Contract Guidelines</li> <li>Check whether there have been any amendments to the customer contracts during the audit period.</li> </ul>	<ul style="list-style-type: none"> <li>Correspondence register</li> </ul>	<ul style="list-style-type: none"> <li>Correspondence with ERA</li> <li>Examples of customer contracts</li> </ul>
Clause 24 Non Standard Terms & Conditions of Service	4	<ul style="list-style-type: none"> <li>Assess whether the licensee has agreements with customers that include non-standard terms and conditions</li> <li>If applicable, confirm that the non-standard terms and conditions have been approved by the Authority</li> <li>If applicable, confirm annual reports of agreements containing non-standard terms and conditions have been published and comply with the operating licence requirements.</li> </ul>	<ul style="list-style-type: none"> <li>Correspondence register</li> </ul>	<ul style="list-style-type: none"> <li>Correspondence with ERA</li> <li>Examples of agreements with non-standard terms &amp; conditions (if applicable)</li> <li>Annual reports of non-standard terms &amp; conditions agreements</li> </ul>
Clause 25 Supplier of Last Resort	4	<ul style="list-style-type: none"> <li>Confirm whether the licensee is a supplier of last resort and, if applicable, assess compliance with the functions required under the operating licence.</li> </ul>	<ul style="list-style-type: none"> <li>Correspondence register</li> </ul>	<ul style="list-style-type: none"> <li>Correspondence with ERA/Minister</li> <li>Last Resort Supply Plan</li> </ul>
Clause 26 Duties of the Licensee	4	<ul style="list-style-type: none"> <li>Assess compliance with the duties of the licensee under the Water Act</li> </ul>		<ul style="list-style-type: none"> <li>Correspondence with ERA</li> </ul>

Audit Area	Priority	Approach	Systems	Key Documents
Clause 27 Provision of Water Services	4	<ul style="list-style-type: none"> <li>Confirm the provision of services complies with those set out in Schedule 1 of the operating licence</li> </ul>		<ul style="list-style-type: none"> <li>Compliance Summary Reports (record of breaches)</li> <li>Current plan of operating area</li> <li>Customer contracts in place for the provision of water services</li> </ul>
Clause 28 Provision of Water Services Outside Operating Areas	4	<ul style="list-style-type: none"> <li>Check whether the licensee provides water services outside its designated operating area.</li> </ul>	<ul style="list-style-type: none"> <li>Correspondence register</li> </ul>	<ul style="list-style-type: none"> <li>Correspondence with ERA</li> <li>Current plans of operating area and map of licenced operating area</li> </ul>
Clause 29 Works Holding Arrangements	4	<ul style="list-style-type: none"> <li>Check whether any water service works that are not held by or for the licensee are covered by a Works Holding Arrangement agreement</li> </ul>		<ul style="list-style-type: none"> <li>Works Holding Arrangements</li> </ul>
Clause 30 Hardship Policy	4	<ul style="list-style-type: none"> <li>Confirm that the licensee has a Hardship Policy and complies with any of the Authority's Financial Hardship Policy Guidelines that apply.</li> </ul>		<ul style="list-style-type: none"> <li>Correspondence between licensee and ERA</li> <li>Hardship Policy</li> </ul>
Clause 31 Memorandum of Understanding	NA	<ul style="list-style-type: none"> <li>Confirm that not applicable</li> </ul>		

**Table 2-2 Asset Management Review Methodology**

Audit Area	Effectiveness Criteria	Approach	Systems	Key Documents
<b>Asset Management Review</b>				
Asset planning	<ul style="list-style-type: none"> <li>▪ Planning process and objectives reflect the needs of all stakeholders and is integrated with business planning</li> <li>▪ Service levels are defined</li> <li>▪ Non-asset options (e.g., demand management) are considered</li> <li>▪ Lifecycle costs of owning and operating assets are assessed</li> <li>▪ Funding options are evaluated</li> <li>▪ Costs are justified and cost drivers identified</li> <li>▪ Likelihood and consequences of asset failure are predicted</li> <li>▪ Plans are regularly reviewed and updated</li> </ul>	<ul style="list-style-type: none"> <li>▪ Review and assess the adequacy of asset planning processes</li> <li>▪ Review and assess adequacy of asset management plans</li> <li>▪ Assess if asset management plans are up to date</li> <li>▪ Assess implementation of asset management plans (status)</li> <li>▪ Assess whether the asset management plan clearly assigns responsibilities and if these have been applied in practice</li> </ul>	<ul style="list-style-type: none"> <li>▪ GIS</li> <li>▪ Asset database / information system</li> </ul>	<ul style="list-style-type: none"> <li>▪ Overview of planning approach</li> <li>▪ Population projections</li> <li>▪ Infrastructure Planning Reports</li> <li>▪ Example planning reports</li> <li>▪ Review of asset management plans</li> <li>▪ Service level agreements</li> </ul>
Asset creation and acquisition	<ul style="list-style-type: none"> <li>▪ Full project evaluations are undertaken for new assets</li> <li>▪ Evaluations include all life-cycle costs</li> <li>▪ Projects reflect sound engineering and business decisions</li> <li>▪ Commissioning tests are documented and completed</li> <li>▪ Ongoing legal / environmental / safety obligations of the asset owner are assigned and understood</li> </ul>	<ul style="list-style-type: none"> <li>▪ Review adequacy of policies and procedures in relation to asset creation and acquisition</li> <li>▪ Review examples of creations / acquisitions to check if policies and procedures were followed and check costs against estimates</li> </ul>	Asset database / information system	<ul style="list-style-type: none"> <li>▪ Policies and procedures for asset creating and acquisition. Accounting and engineering</li> </ul>
Asset disposal	<ul style="list-style-type: none"> <li>▪ Under-utilised and under-performing assets are identified as part of a regular systematic review process</li> <li>▪ The reasons for under-utilisation or poor performance are critically examined and corrective action or disposal undertaken</li> <li>▪ Disposal alternatives are evaluated</li> <li>▪ There is a replacement strategy for assets</li> </ul>	<ul style="list-style-type: none"> <li>▪ Review adequacy of policies and procedures in relation to asset disposal, asset replacement, identification of under-performing assets</li> <li>▪ Determine if a review on the usefulness of assets are undertaken</li> <li>▪ Review examples to check that policies and procedures are being followed</li> </ul>	Asset database / information system	<ul style="list-style-type: none"> <li>▪ Policies and procedures for asset disposal. Accounting and engineering</li> </ul>

Audit Area	Effectiveness Criteria	Approach	Systems	Key Documents
Environmental analysis	<ul style="list-style-type: none"> <li>▪ Opportunities and threats in the system environment are assessed</li> <li>▪ Performance standards (availability of service, capacity, continuity, emergency response, etc.) are measured and achieved</li> <li>▪ Compliance with statutory and regulatory requirements</li> <li>▪ Achievement of customer service levels</li> </ul>	<ul style="list-style-type: none"> <li>▪ Review performance and service standards over audit period</li> <li>▪ Review performance / identify any breaches and non-compliances and corrective action taken</li> <li>▪ Review adequacy of reporting and monitoring tools</li> </ul>		<ul style="list-style-type: none"> <li>▪ Policies and procedures</li> <li>▪ Planning reports</li> <li>▪ Customer service</li> <li>▪ Compliance reports</li> <li>▪ Strategic plans (if appropriate)</li> </ul>
Asset operations	<ul style="list-style-type: none"> <li>▪ Operational policies and procedures are documented and linked to service levels required</li> <li>▪ Risk management is applied to prioritise operations tasks</li> <li>▪ Assets are documented in an Asset Register, including asset assessment of assets' physical, structural condition and accounting data</li> <li>▪ Operational costs are measured and monitored</li> <li>▪ Staff receive training commensurate with their responsibilities</li> </ul>	<ul style="list-style-type: none"> <li>▪ Review adequacy of policies and procedures in relation to asset operations</li> <li>▪ Review staff skills / training and resources available</li> <li>▪ Check that operations procedures are being followed including testing of the asset register, observation of operational procedures and analysis of costs</li> <li>▪ Identify any operational events and corrective actions</li> </ul>	<ul style="list-style-type: none"> <li>▪ Asset information system</li> <li>▪ SCADA</li> </ul>	<ul style="list-style-type: none"> <li>▪ Asset register</li> <li>▪ Operations procedures</li> <li>▪ Operational costs</li> <li>▪ Daily / weekly / monthly check sheets</li> <li>▪ Staff skills / resourcing structure</li> </ul>
Asset maintenance	<ul style="list-style-type: none"> <li>▪ Maintenance policies and procedures are documented and linked to service levels required</li> <li>▪ Regular inspections are undertaken of asset performance and condition</li> <li>▪ Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule</li> <li>▪ Failures are analysed and operational / maintenance plans adjusted where necessary</li> <li>▪ Risk management is applied to prioritise maintenance tasks</li> <li>▪ Maintenance costs are measured and monitored</li> </ul>	<ul style="list-style-type: none"> <li>▪ Review adequacy of policies and procedures in relation to asset maintenance / maintenance functions</li> <li>▪ Check that policies and procedures have been followed including testing of maintenance schedules, analysis of costs,</li> <li>▪ Review maintenance schedules / plans</li> <li>▪ Identify any maintenance events and corrective actions</li> </ul>	<ul style="list-style-type: none"> <li>▪ Asset information system</li> </ul>	<ul style="list-style-type: none"> <li>▪ Maintenance procedures and schedules</li> <li>▪ Record of maintenance</li> <li>▪ Maintenance costs</li> </ul>
Asset Management Information System	<ul style="list-style-type: none"> <li>▪ Adequate system documentation for users and IT operators</li> </ul>	<ul style="list-style-type: none"> <li>▪ Review adequacy of asset information system:               <ul style="list-style-type: none"> <li>– Asset coverage</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Asset Management Information system</li> </ul>	<ul style="list-style-type: none"> <li>▪ AMIS manual</li> <li>▪ AMIS data coverage and quality report</li> </ul>

Audit Area	Effectiveness Criteria	Approach	Systems	Key Documents
	<ul style="list-style-type: none"> <li>▪ Input controls include appropriate verification and validation of data entered into the system</li> <li>▪ Logical security access controls appear adequate, such as passwords and that appropriate system access and functionality is provided to users</li> <li>▪ Physical security access controls appear adequate</li> <li>▪ Data backup procedures appear adequate</li> <li>▪ Key computations related to licensee performance reporting are materially accurate</li> <li>▪ Management reports appear adequate for the licensee to monitor licence obligations</li> </ul>	<ul style="list-style-type: none"> <li>– Functionality</li> <li>– Data coverage</li> <li>– Security</li> <li>– User functionality granted is appropriate</li> <li>▪ Review outputs / reports generated by systems and assess suitability for reporting against performance standards / licence obligations</li> </ul>		<ul style="list-style-type: none"> <li>▪ Asset reports</li> </ul>
Risk management	<ul style="list-style-type: none"> <li>▪ Risk management policies and procedures exist and are being applied to minimise internal and external risks associated with the asset management system</li> <li>▪ Risks are documented in a risk register and treatment plans are actioned and monitored</li> <li>▪ The probability and consequence of risk failure are regularly assessed</li> </ul>	<ul style="list-style-type: none"> <li>▪ Review risk assessment coverage</li> <li>▪ Review sample of risk mitigation to check policies and procedures are followed</li> <li>▪ Assess staff understanding of risk management and adequacy of risk management training for staff</li> </ul>		<ul style="list-style-type: none"> <li>▪ Corporate Risk management framework</li> <li>▪ Risk assessment</li> </ul>
Contingency planning	<ul style="list-style-type: none"> <li>▪ Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks</li> </ul>	<ul style="list-style-type: none"> <li>▪ Review adequacy / relevance and currency of contingency plans</li> <li>▪ Review if plans have been tested and report on findings</li> <li>▪ Identify any improvements that have been actioned as a result of testing of the contingency plans</li> </ul>		<ul style="list-style-type: none"> <li>▪ Contingency plans</li> </ul>
Financial planning	<ul style="list-style-type: none"> <li>▪ The financial plan states the financial objectives and strategies and actions to achieve the objectives</li> <li>▪ The financial plan identifies the source of funds for capital expenditure and recurrent costs</li> <li>▪ The financial plan provides projections of operating statements (profit and loss) and statement of financial position (balance sheets)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Review adequacy and effectiveness of financial planning and reporting processes</li> <li>▪ Review current financial plan and assess whether the process is being followed</li> </ul>		<ul style="list-style-type: none"> <li>▪ Financial Plan</li> </ul>

Audit Area	Effectiveness Criteria	Approach	Systems	Key Documents
	<ul style="list-style-type: none"> <li>▪ The financial plan provide firm predictions on income for the next five years and reasonable indicative predictions beyond this period</li> <li>▪ The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services</li> <li>▪ Significant variances in actual / budget income and expenses are identified and corrective action taken where necessary</li> </ul>			
Capital expenditure planning	<ul style="list-style-type: none"> <li>▪ There is a capital expenditure plan that covers issues to be addressed, actions proposed, responsibilities and dates</li> <li>▪ The plan provides reasons for capital expenditure and timing of expenditure</li> <li>▪ The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan</li> <li>▪ There is an adequate process to ensure that the capital expenditure plan is regularly updated and actioned</li> </ul>	<ul style="list-style-type: none"> <li>▪ Review adequacy and effectiveness of capital planning processes through examination of application of process and example documents</li> </ul>	<ul style="list-style-type: none"> <li>▪ Spreadsheets for capital planning and prioritisation</li> </ul>	<ul style="list-style-type: none"> <li>▪ Capital expenditure planning process outline</li> <li>▪ Value engineering documents</li> <li>▪ Risk management applied to investment planning</li> <li>▪ Program management documents</li> <li>▪ Review of capex estimate v outturn</li> </ul>
Review of AMS	<ul style="list-style-type: none"> <li>▪ A review process is in place to ensure that the asset management plan and the asset management system described therein are kept current</li> <li>▪ Independent reviews (e.g., internal audit) are performed of the asset management system</li> </ul>	<ul style="list-style-type: none"> <li>▪ Determine when the asset management plan was last updated and assess whether any significant changes have occurred</li> <li>▪ Determine whether any independent reviews have been performed. If so, review results and action taken</li> <li>▪ Consider the need to update the asset management plan based on the results of this review</li> <li>▪ Determine when the AMS was last reviewed.</li> </ul>		<ul style="list-style-type: none"> <li>▪ Asset management plans</li> </ul>

## 2.4 Time Period Covered by the Audit/Review

The operational licence audit covers the period from 1 June 2012 to 31 May 2015. The asset management system review also covers the period from 1 June 2012 to 31 May 2015.

The previous operational licence audit covered the period from 1 June 2009 to 31 May 2012 and was undertaken by Quantum Management Consulting and Assurance (Quantum Assurance). The previous asset management system review also covered the period from 1 June 2009 to 31 May 2012 and was also undertaken by Quantum Management Consulting and Assurance (Quantum Assurance).

## 2.5 Time Period of the Audit/Review Process

The audit/review commenced in March 2015 with preparation of the draft Audit Plan. Interviews with the Ord Irrigation Cooperative's staff were carried out on Tuesday 2 June and Wednesday 3 June 2015 at the Cooperative's office in Carpentaria St, Kununurra, WA.

## 2.6 Details of the Licensee Representatives Participating in the Audit/Review

Details of representatives from the Ord Irrigation Cooperative who participated in the audit and review process are provided in Table 2-3 below.

**Table 2-3 Details of Licensee Representatives**

Name	Role
Mat Dear	CEO
Marie Clothier	Administration Manager

## 2.7 Details of Key Documents and Other Information Sources

- ▶ OIC Water Services Operating Licence WL37, Version OL2, 15 May 2009
- ▶ OIC Water Services Operating Licence WL37, Version 3, 18 November 2013
- ▶ OIC Water Services Operating Licence WL37, Version 4, 23 December 2013
- ▶ Ord River Operating Area (Irrigation services and non-potable water supply services) Plan No. OWR-OA-284 - A
- ▶ Ord River Operating Area (Irrigation services and non-potable water supply services) Plan No. OWR-OA-284 - B
- ▶ Quantum Assurance, Ord Irrigation Cooperative Limited Operational Audit and Asset Management System Review, Final Report, November 2012
- ▶ OIC Customer Service Charter, December 2008
- ▶ OIC Customer Service Charter, August 2013
- ▶ AGM Agendas and Minutes 2012, 2013, 2014
- ▶ OIC customer newsletters for November 2012, December 2012, November 2013, September 2014 and December 2014
- ▶ Examples of OIC Monthly Customer Invoices
- ▶ Water Quality Annual Reports 2012, 2013, 2014
- ▶ Performance Reports to the Authority for the year ended 30 June 2012, 2013 and 2014
- ▶ Compliance Reports to the Authority for the year ended 30 June 2012, 2013 and 2014

- ▶ OIC Complaints Register
- ▶ Examples of Grower Notices with planned shutdown details
- ▶ OIC Quality Management Plan
- ▶ OIC HR Management Plan
- ▶ Correspondence with ERA
- ▶ Correspondence with Ord Expansion Project
- ▶ Correspondence with Shire of Wyndham-East Kimberley
- ▶ Letter of Demand dated 18 May 2013 to the Ord Expansion Project
- ▶ OIC Policies and Procedures Manual
- ▶ Policy and Procedures Manual Reviewing Summary
- ▶ OIC Emergency Management Plan
- ▶ OIC Company Values
- ▶ OIC HSE Policy
- ▶ OIC Site Safety Policy
- ▶ OIC Safe Work Procedure Register
- ▶ OIC Asset Management Plan
- ▶ OIC Risk Management Plan
- ▶ OIC Environmental Management Plan
- ▶ OIC Contingency Plan
- ▶ OIC HSE Plan
- ▶ OIC Asset Maintenance Plan
- ▶ OIC Acrolein Manual
- ▶ OIC Waterman's Manual
- ▶ Irrigation Channels, Drains and Associated Structures Design Manual
- ▶ Rules of Ord Irrigation Cooperative
- ▶ OIC Insurance Cover
- ▶ OIC Staff Training Plan
- ▶ O&M Contract with Water Corporation
- ▶ O&M Contract with OIAMC
- ▶ OIC Water Use Improvement Plan
- ▶ Examples of monthly reports to the OIC Board
- ▶ Examples of quarterly reports to the OIAMC Board



## 2.8 Details of Auditors Participating in the Audit/Review and Hours Utilised

The audit/review team comprised two staff members from Cardno.

Details of their roles and hours utilised in the audit/review process are provided in the table below.

**Table 2-4 Details of Audit / Review Team Members**

Name	Organisation	Role	Summary of Task	Hours Utilised
Justin Edwards	Cardno	Auditor	<ul style="list-style-type: none"><li>▪ Prepare audit plan</li><li>▪ Undertake audit</li><li>▪ Prepare audit report</li></ul>	100
John MacDonald	Cardno	Reviewer	<ul style="list-style-type: none"><li>▪ Review Audit Plan</li><li>▪ Review Audit Report</li></ul>	20

### 3 Licensee’s Response to Previous Recommendations

In the previous operating licence audit and asset management review, a series of actions were recommended or suggested to improve the existing controls.

#### 3.1 Previous Audit Non-Compliances and Recommendations

Details of the actions completed by the Ord Irrigation Cooperative against each of the previous operational licence audit non-compliance and recommendations are presented in Table 3-1 below.

**Table 3-1 Previous Audit Non-compliances and Recommendations**

A. Resolved before end of previous Audit period				
Reference (no./year)	(Compliance rating/ Legislative obligation / details of the issue)	Auditor’s recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
B. Resolved during current Audit period				
Reference (no./year)	(Compliance rating/ Legislative obligation / details of the issue)	Auditor’s recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
1.1/2012	<p><b>Operational Audit and Asset Management System Review</b></p> <p>The previous audit noted the following:</p> <ul style="list-style-type: none"> <li>The audit reviewed the Checklist of Regular Tasks and Compliance Issues and noted that the</li> </ul>	<p><i>Update the Checklist of Regular Tasks and Compliance Issues to include the next Operational Audit and Asset Management System Review dates to ensure regulatory timeframes are met.</i></p>	July 2014	No further action required

**B. Resolved during current Audit period**

Reference (no./year)	(Compliance rating/ Legislative obligation / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
	Operational Audit and Asset Management System Review dates are not included in the schedule of events.	<p>The licensee has set up a series of automated reminders in its Loc8 asset management system related to ERA and other regulatory timeframes. The system sends out emails to relevant staff for tasks to be completed by certain dates, with reminders sent if the action has not been logged as being completed.</p> <p>We confirmed that Loc8 has automated reminders set up for submitting the compliance and performance reports to the ERA by the required dates. Automated reminders are also set up for the operational licence and asset management reviews, issuing customer newsletters and for sending out the Customer Service Charter.</p> <p>In addition, the licensee also has a CEO Checklist, which is a Word document that contains the key actions and timeframes for activities that need to be completed each year. We confirmed that the CEO Checklist was last updated on 17/07/2014 for 2014/15 and that it included all the necessary ERA compliance actions required during the year and the timeframes that they needed to be completed by.</p>		
1.2/2012	<p><b>Performance Standards</b></p> <p>The previous audit noted the following:</p> <ul style="list-style-type: none"> <li>The audit reviewed the OIC's Performance Reports for the years ended 30 June 2009, 2010 and 2011, interviewed the OIC's General Manager and reviewed supporting documentation. This confirmed that the OIC complied with all performance standards except for the following:</li> </ul>	<p>a) <i>Provide all customers with annual notification that the water supplied is not suitable for drinking e.g. as part of the annual rates and charges notice mail out.</i></p> <p>We confirmed that the invoice template used by licensee to bill its customers every month specifies that the water supplied is a non-potable supply. This information is also included in the AGM minutes every year and this document is provided to all</p>	July 2014	No further action required

**B. Resolved during current Audit period**

Reference (no./year)	(Compliance rating/ Legislative obligation / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
	<ul style="list-style-type: none"> <li>The OIC does not provide its customers with annual notification that the water supplied is not suitable for drinking. The audit reviewed the Checklist of Regular Tasks and Compliance Issues and noted that the requirement of annual notification of non-potable water is not included in the schedule of events.</li> </ul>	<p>customers. The information is also included in the newsletter that licensee issues at least once a year to all customers and we confirmed this at audit. The Customer Service Charter also states that the water supplied is a non-potable supply.</p> <p><i>b) Update the Checklist of Regular Tasks and Compliance Issues to include the requirement for annual notification to customers of non-potable water.</i></p>		No further action required
		<p>Although the licensee has added the requirement into the CEO Checklist, as it is included on each monthly invoice sent to customers, this recommendation for a reminder is no longer required unless the invoice template changes.</p>		
1.3/2012	<p><b>Customer Service Charter – Availability</b></p> <p>The previous audit noted the following:</p> <ul style="list-style-type: none"> <li>The audit confirmed that a copy of the OIC's Customer Service Charter is prominently displayed at the OIC's office reception as well as made available on the OIC's web page.</li> <li>The audit confirmed with the OIC's General Manager that a copy of the Charter is also provided upon request and at no charge to customers.</li> <li>However, the OIC's General Manager advised that the last time a copy of the Charter was mailed to each customer was on 18th November</li> </ul>	<p><i>a) Ensure that a current copy of the Customer Service Charter, or a summary document approved by the Authority, is sent to all customers at least once in every three year period or as agreed with the Authority.</i></p> <p>The August 2013 update of the Customer Service Charter was issued to customers in November 2013. We confirmed this action had been completed from the Australia Post receipt.</p> <p>We note that the licensee has member and non-member customers and the Charter was only issued to member customers. However, non-member customers have different rights and a different</p>	July 2014	No further action required

**B. Resolved during current Audit period**

Reference (no./year)	(Compliance rating/ Legislative obligation / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
	<p>2008. This is a non-compliance with the licence requirement to send a current copy, or approved summary document, to all customers at least once in every three year period. Audit was advised that the Charter is currently under review and is to be submitted to the Authority for review and approval by 8 January 2013.</p> <ul style="list-style-type: none"> <li>Furthermore, the audit reviewed the Checklist of Regular Tasks and Compliance Issues and noted that the requirement to send a copy of the Charter to all customers at least once in every three year period is not included in the schedule of events.</li> </ul>	<p>agreement with the licensee and are not covered under the Customer Service Charter.</p> <p>We note that this obligation is no longer required under the Water Services Act 2012. However, the licensee has made the decision to retain its Customer Service Charter and will continue to issue it to its customers.</p>		
		<p>b) Update the Checklist of Regular Tasks and Compliance Issues to include this requirement in the schedule of events.</p>	July 2014	No further action required
		<p>As above, we confirmed that the licensee has included this requirement into the schedule included in the CEO Checklist and also has an automated reminder set up in its Loc8 asset management system.</p> <p>We note that this obligation is no longer required under the Water Services Act 2012.</p>		
1.4/2012	<p><b>Customer Service Charter – Review</b></p> <p>The previous audit noted the following:</p> <ul style="list-style-type: none"> <li>The OIC will need to undertake the next review and submit the reviewed charter to the Authority for approval by 8 January 2014 (the OIC's charter review period extended by the Authority).</li> <li>The audit reviewed the Checklist of Regular Tasks and Compliance Issues and noted that the Customer Service Charter review due date is not included in the schedule of events.</li> </ul>	<p><i>Update the Checklist of Regular Tasks and Compliance Issues to include the next Customer Service Charter review due date to ensure regulatory timeframes are met.</i></p> <p>The licensee last reviewed its Customer Service Charter in August 2013 and, as noted above, this latest version was issued to its customers in November 2013.</p> <p>Although this obligation is no longer relevant under the Water Services Act 2012, we confirmed that the licensee has included the review date in its CEO Checklist. We confirmed that the next scheduled</p>	July 2014	No further action required

**B. Resolved during current Audit period**

Reference (no./year)	(Compliance rating/ Legislative obligation / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
		review of the Customer Service Charter is due in August 2016. An automated reminder has also been set up in the Loc8 asset management system.		
1.5/2012	<b>Customer Service Charter – Compliance with the Charter</b> The previous audit noted the following: <ul style="list-style-type: none"> <li>▪ The OIC's Charter is generally consistent with the licence provision in covering all of the service issues likely to be of concern to the OIC's customers.</li> <li>▪ The audit confirmed that OIC provides its services consistent with its Customer Service Charter, except for the Charter requirement to publish newsletters every six months. According to the OIC website, the latest newsletter appears to have been published in 2008.</li> </ul>	<i>Resume publishing newsletters every six months, in order to comply with the current approved Customer Service Charter.</i>  Since the time of the last operational audit, the licensee has resumed publishing a newsletter at least every six months. We confirmed that the licensee issued newsletters to its customers in November 2012, December 2012, November 2013, September 2014 and December 2014.  The newsletter is emailed to customers and we confirmed that it has been issued via the covering letter email and the list of customers that it was sent to.	July 2014	No further action required
1.6/2012	<b>Customer Consultation</b> The previous audit noted the following: <ul style="list-style-type: none"> <li>▪ No Customer Council has been established by OIC.</li> <li>▪ However, OIC holds regular meetings with customers by way of annual meetings in accordance with the Articles of the Association and regular grower meetings in an irrigation season to provide information on irrigation projects and initiatives. OIC advise other information to growers by way of newspaper articles or advertisements, mail/fax and via the website. OIC also carries out annual customer surveys seeking customer input and opinions on</li> </ul>	a) <i>Resume publishing newsletters every six months, in accordance with the current approved Customer Service Charter, or establish other forums for consultation to enable community involvement in issues concerning the licensed activities.</i>  Refer to 1.5/2012.	July 2014	No further action required
		b) <i>Maintain a record of meetings held with customers.</i>	July 2014	No further action required

**B. Resolved during current Audit period**

Reference (no./year)	(Compliance rating/ Legislative obligation / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
	<p>general and specific aspects of the OIC's service delivery.</p> <ul style="list-style-type: none"> <li>The audit noted that the current approved OIC Charter states that OIC should publish newsletters every six months but according to the OIC website, the latest newsletter appears to have been published in 2008. OIC has not published newsletters or established a public forum during the audit period and is therefore not compliant with this licence condition.</li> <li>Furthermore, the previous audit found that no record of meetings held with customers was maintained. Although, the OIC Meeting Register was subsequently created in November 2009 to register official meetings at the OIC involving OIC customers, the register has not been updated since March 2010.</li> </ul>	<p>The licensee maintains a Meetings Register that it uses to record all meetings.</p> <p>We reviewed the Register at audit and confirmed that it includes meetings with customers, including Board meetings (the Board being customers) and the AGM.</p> <p>The register records dates, attendees and the reasons for the meeting.</p>		
1.7/2012	<p><b>Customer Consultation – Irrigation Services</b></p> <p>The previous audit noted the following:</p> <ul style="list-style-type: none"> <li>OIC holds Annual General Meeting (AGM) every year and also calls additional meetings when required. Audit sighted minutes from 2009, 2010 and 2011 AGM.</li> <li>OIC's irrigation season runs from 1 January through to 31 December. Unlike other irrigation areas, the wet and dry seasons are the factors that define when to irrigate, when not to irrigate and when maintenance can be planned and conducted on the system. Therefore, season opening and closing conditions are no longer discussed at the AGM. However, this is still a</li> </ul>	<p><i>Ensure that the AGM Agenda includes items of 'season opening and closing conditions', 'tariffs' and 'scheme operation'.</i></p> <p>The AGM normally takes place towards the end of each year. We reviewed the agendas from the AGMs held on 31 October 2012, 11 December 2013 and 26 November 2014 and confirmed that each AGM included addressing items of 'season opening and closing conditions', 'tariffs' and 'scheme operation'.</p>	July 2014	No further action required

**B. Resolved during current Audit period**

Reference (no./year)	(Compliance rating/ Legislative obligation / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
	<p>non-compliance with the current licence condition.</p> <ul style="list-style-type: none"> <li>▪ Furthermore, audit sighted the AGM Agenda of a meeting held on 30th November 2011 and noted that agenda does not include tariffs and scheme operation.</li> <li>▪ OIC publishes details of rates and charges in a letter attached to the new financial year invoices and on its website.</li> </ul>			
1.8/2012	<p><b>Provision of Information to the Authority</b></p> <p>The previous audit noted the following:</p> <ul style="list-style-type: none"> <li>▪ In accordance with the Water Compliance Reporting Manual May 2011, the OIC is required to submit to the Authority: <ul style="list-style-type: none"> <li>– Annual performance reports no later than 31 October for the reporting year ending 30 June; and</li> <li>– Annual compliance reports by 31 August for the year ending 30 June.</li> </ul> </li> <li>▪ The audit reviewed the OIC's Compliance and Performance Reports for the years ending 30 June 2009, 2010, 2011 and 2012 and noted the following exceptions: <ul style="list-style-type: none"> <li>– Compliance Report for the year ended 30 June 2010 was submitted after the due date; and</li> <li>– the OIC could not provide any evidence that the Performance Reports for the years ended 30 June 2009, 2010 and 2011 were submitted to the Authority by the due date.</li> </ul> </li> </ul>	<p>a) <i>Ensure that all future Performance and Compliance Reports are submitted to the Authority within the timeframes required and copies of reports and correspondence between OIC and the Authority are retained.</i></p> <p>Refer to 1.1/2012. We note that two of the three performance reports within the audit period have been submitted to the Authority after the due date. This issue is expected to now be rectified with the introduction of Loc8.</p>	July 2014	No further action required
		<p>b) <i>Update the Checklist of Regular Tasks and Compliance Issues to include the annual Compliance Report submission date to ensure regulatory timeframes are met.</i></p> <p>Refer to 1.1/2012</p>	July 2014	No further action required



**B. Resolved during current Audit period**

Reference (no./year)	(Compliance rating/ Legislative obligation / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
	<ul style="list-style-type: none"> <li>▪ The audit reviewed the Checklist of Regular Tasks and Compliance Issues and noted that it includes the annual Performance Report submission date.</li> <li>▪ However, the annual Compliance Report submission date was not included in the schedule.</li> </ul>			

**C. Unresolved at end of current Audit period**

Reference (no./year)	(Compliance rating/ Legislative obligation / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable

### 3.2 Previous Review Ineffective Components and Recommendations

Details of the actions completed by the Ord Irrigation Cooperative against each of the previous asset management system review recommendations are presented in Table 3-2 below.

**Table 3-2 Previous Review Ineffective Components and Recommendations**

A. Resolved before end of previous review period				
Reference (no./year)	(Asset management effectiveness rating / Asset Management System Component & Criteria / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
B. Resolved during current review period				
Reference (no./year)	(Asset management effectiveness rating / Asset Management System Component & Criteria / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
2.1/2012	<p><b>Asset Operations – Policies and Procedures</b> Operational policies and procedures should be documented and linked to service levels required. The previous audit noted the following:</p> <ul style="list-style-type: none"> <li>There are comprehensive Operations Policies and Procedures documents, however, some policies and procedures have not been reviewed since 2004 and some information is out-dated. The Waterman's Manual has not been reviewed since 2007.</li> </ul>	<p><i>Review and update the Operations Policies and Procedures documents and Waterman's Manual to reflect current information.</i></p> <p>The licensee reviewed and updated its policies and procedures templates in March 2014. A new template was introduced to allow document and version control information to be recorded on each document. Although the documents included in the Policies and Procedures manual are due to be reviewed by 30 June 2014, minor updates were completed in February 2015.</p>	July 2014	No further action required

**B. Resolved during current review period**

Reference (no./year)	(Asset management effectiveness rating / Asset Management System Component & Criteria / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
2.2/2012	<p><b>Asset Operations – Asset Management Information System</b></p> <p>Assets should be documented in an Asset Register including asset type, location, material, plans of components, and an assessment of assets' physical/structural condition and accounting data.</p> <p>The previous audit noted the following:</p> <ul style="list-style-type: none"> <li>There is a Microsoft Access based Asset Register, however it is difficult to use and under-utilised as a result. Management is in the process of gaining approvals to move to a more user friendly system.</li> </ul>	<p>The Waterman's Manual was updated in February 2014.</p> <p>The updated documents were reviewed at audit and it was confirmed that they reflect current information.</p>	July 2014	No further action required
		<p><i>Update or replace the Asset Management Information System to include accurate asset descriptions, locations and condition assessment, with adequate system documentation and useful reporting capabilities.</i></p> <p>The licensee replaced its previous Asset Management Information System, Greenbase, with Loc8 in 2013.</p> <p>The licensee believes that the new system may have been in place at the time of the last audit in 2012 but that it had only just been implemented and assets were still being input in the new system. A significant amount of the work to implement Loc8 was completed in July 2013.</p> <p>The licensee continued to use both its old and new systems in parallel while introducing Loc8 and retains an archived copy of Greenbase.</p> <p>The licensee informed the ERA of the change in its management system in a letter dated 3 September 2012. This was after the last audit had been carried out but before the final audit report was issued to the ERA. The ERA responded to note the change is a letter dated 5 September 2012</p>		

**B. Resolved during current review period**

Reference (no./year)	(Asset management effectiveness rating / Asset Management System Component & Criteria / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
2.3/2012	<p><b>Asset Operations – Training</b></p> <p>Staff should receive training commensurate with their responsibilities.</p> <p>The previous audit noted the following:</p> <ul style="list-style-type: none"> <li>▪ The AMP outlines the current human resources required to support the plan as follows:                             <ul style="list-style-type: none"> <li>– Board</li> <li>– Chief Executive Officer</li> <li>– Operations Manager</li> <li>– Waterman</li> </ul> </li> <li>▪ The broad responsibilities and skills required are stated in the AMP but there is no record of training versus skill levels. Most training appears to be on-the- job instruction.</li> </ul>	<p><i>Review the training needs of staff on an annual basis and maintain a record of training needs and training delivered.</i></p> <p>We confirmed that the licensee has developed an HR Management Plan that records includes a skills matrix, knowledge matrix, training course matrix and safe work procedure record for each member of staff and for each position with the business. This allows skills and knowledge gaps to be identified and training courses to rectify these issues to be identified.</p> <p>There is an annual review for each member of staff where specific training requirements can be discussed. The licensee also has weekly meetings with all staff where upcoming training can be discussed.</p> <p>The licensee maintains a record of the training that has been completed and the dates for any re-certification in the HR Plan. Each employee also maintains a skills record of their qualifications/certifications and the dates for renewal/recertification.</p>	July 2014	No further action required
2.4/2012	<p><b>Asset Maintenance – Policies and Procedures</b></p> <p>Maintenance policies and procedures should be documented and linked to service levels required.</p> <p>The previous audit noted the following:</p> <ul style="list-style-type: none"> <li>▪ There is only limited documentation on maintenance comprising a Maintenance Schedule in the Asset Management Plan but there are no documented</li> </ul>	<p>a) <i>Document a Maintenance Policy and Procedure that is based on the suggested maintenance schedules in the AMP (if still relevant) and a current risk assessment.</i></p> <p>The licensee's Policies and Procedures Manual does not include a specific overall Maintenance Policy document but policies related to certain maintenance</p>	July 2014	No further action required

**B. Resolved during current review period**

Reference (no./year)	(Asset management effectiveness rating / Asset Management System Component & Criteria / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
	Maintenance Policies and Procedures and no overall annual maintenance chart showing maintenance planned and completed.	<p>activities are included with the Operations section of the Manual (e.g., Channels and Drains Chemical Application, Irrigation System Expansion and Enhancement, Irrigator Infrastructure).</p> <p>The AMP includes a Maintenance Plan which sets out the maintenance requirements and schedules for different asset types and specific assets in the system.</p> <p>The Management System series of documents also includes a separate Asset Maintenance Plan that includes a more detailed series of maintenance schedules. The licensee also has an Acrolein User's Manual that provides information on the use of the chemical used for weed control in the channels and drains.</p> <p>The Safe Work Method Statements include step-by-step procedures for a number of operational and maintenance activities, including Application of Chemicals, various plant and equipment operations and Repairs and Maintenance of Irrigation Equipment. The procedures list the applicable job steps and the relevant HSE controls.</p> <p>Although the licensee does not have a specific overall policy, the information that would be expected to be covered in a Maintenance Policy and Procedure is essentially included in the other documents.</p>	July 2014	No further action required
		<p>b) <i>Create a Maintenance Schedule outlining tasks, timing and importance with provision to record maintenance tasks completed each six months.</i></p>		

**B. Resolved during current review period**

Reference (no./year)	(Asset management effectiveness rating / Asset Management System Component & Criteria / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
2.5/2012	<p><b>Asset Maintenance – Condition Assessment</b></p> <p>Regular inspections should be undertaken of asset performance and condition.</p> <p>The previous audit noted the following:</p> <ul style="list-style-type: none"> <li>Inspections are carried out on an ad-hoc basis by watermen during their normal duties. There is no process for annual review and assessment of asset condition and no system to record the condition assessment.</li> </ul>	<p><i>Implement a procedure for annual review of the condition of all assets for the scheme and to record this information in the Asset Management Information System.</i></p> <p>The assets are inspected by the Project Officer on a formal basis every year after the wet season to assess any damage that has been caused by flooding events. The Project Officer is responsible for maintaining Loc8, including creating work orders to address maintenance needs and updating asset information where required.</p> <p>The asset condition information is further supplemented by the inspections carried out by the Water Distribution Officers during their normal duties and also from information provided to the licensee by its customers.</p> <p>The licensee has an advantage over most typical water service providers in that the majority of its assets are above ground and can be more easily inspected. As such, and combined with the way the</p>	July 2014	<p>We would recommend that during the next annual inspection, the licensee collects condition information for each asset in the asset register and updates this information in Loc8 in order to enhance the maintenance/renewals prioritisation process when developing the works expenditure programs.</p>

**B. Resolved during current review period**

Reference (no./year)	(Asset management effectiveness rating / Asset Management System Component & Criteria / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
2.6/2012	<p><b>Risk Management</b></p> <p>Risk management policies and procedures should exist and be applied to minimise internal and external risks associated with the asset management system.</p> <p>The previous audit noted the following:</p> <ul style="list-style-type: none"> <li>A Risk Management Policy (2007) and a Risk Management Form exist but they do not appear to have been implemented in respect of a risk assessment of the failure of individual asset components or the risk of non-compliance with the licence obligations. There have been no additional risk management forms completed in the last 3 years. The general risks which are constantly updated and reviewed as part of OIC's risk management plans include low water availability, drought, severe storm damage, impact by groundwater, drain water quality, infrastructure failure, power failure etc. There is no Risk Register to summarise the risks in terms of likelihood, consequences, controls, further risk treatment actions required.</li> </ul>	<p>a) <i>Implement the Risk Management Policy to assess the risk of failure of individual asset components and other threats, such as non-compliance with the licence obligations. This would require the Risk Management Forms to be completed and the results summarised in a Risk Register.</i></p> <p>The licensee has implemented a Risk Management Plan since the last operational audit. The document is part of the licensee's Asset Management Information System. The Risk Register included in the Plan assesses the risks associated with changes in the external environment, failure of system assets, irrigation or on farm practices. There is a separate assessment for risks associated with Health, Safety and Environment.</p> <p>The assessments record the likelihood and consequence to determine the initial risk level, and record the controls, description of control measures to determine the residual consequence, likelihood and risk levels.</p>	February 2015	No further action required

**B. Resolved during current review period**

Reference (no./year)	(Asset management effectiveness rating / Asset Management System Component & Criteria / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
		<p>b) <i>Provide the Risk Register with risk treatment plans at least annually to the Board to review as per the Risk Management Policy and to enable monitoring of risk treatment actions.</i></p>	February 2015	No further action required
		<p>The licensee's Risk Management Policy is included in its Policies and Procedures Manual. This sets out that the risks should be reviewed annually by the Board. The licensee has an external review of its Risk Register completed by Water Corporation annually. We confirmed that the Board has reviewed the results of the annual review of the Risk Register.</p>		
		<p>c) <i>Consider the risk assessment when updating the Asset Management Plan.</i></p>	February 2015	No further action required
		<p>We confirmed that the AMP was updated at the same time as the last Risk Management Plan was developed and the risk assessment was consider in the update.</p>		
2.7/2012	<p><b>Contingency Plans</b> Contingency plans should be documented, understood and tested to confirm their operability and to cover higher risks. The previous audit noted the following:</p> <ul style="list-style-type: none"> <li>▪ The AMP contains overviews of contingency plans for different scenarios.</li> <li>▪ There also exists a Disaster Management Policy that sets out the Board policy for disaster management planning, responsibilities and a list of the contractor resources with contact details and estimated cost for various failures of</li> </ul>	<p><i>Review the Disaster Management Policy and contingency plans on an annual basis, including any changes in the risk assessments and any specific testing considered necessary.</i></p>	July 2014	No further action required
		<p>The Disaster Management Policy that was reviewed at the previous operational audit was a document owned by the OIAMC and was not an OIC document. As a result, it is not reviewed by the OIC but is reviewed by the OIAMC.</p>		



**B. Resolved during current review period**

Reference (no./year)	(Asset management effectiveness rating / Asset Management System Component & Criteria / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
	<p>power supply, channels and drains, etc. The policy is due to be reviewed in June 2013 (every two years).</p> <ul style="list-style-type: none"> <li>The adequacy of the contingency plans to cover the risks will need to be reviewed when the Risk Register and risk treatment plans are documented.</li> <li>It is considered that the Disaster Management Policy and contingency plans should be reviewed annually, including any testing considered necessary.</li> </ul>	<p>The Disaster Management Policy determines the contingency sum that is retained by the OIAMC for emergency operations/maintenance in the event of a disaster. The OIAMC reviews the policy on an annual basis and reviews the financial information related to the contingency fund total.</p> <p>No testing is carried out by the OIC on behalf of the OIAMC and no testing is considered to be necessary.</p>		
2.8/2012	<p><b>Financial Planning</b></p> <p>The financial plan should provide projections of operating statements (profit and loss) and statement of financial position (balance sheets).</p> <p>The previous audit noted the following:</p> <ul style="list-style-type: none"> <li>The OIC's 5 year Financial Plan includes Operating Statements (P&amp;L) until 2016-17. The forecast operating, maintenance and capital costs over the next 5 years are included in the 5 year Financial Plan. However, there are no projected Statements of Financial Position.</li> </ul>	<p><i>As part of the 5 year Financial Plan, develop projected Statements of Financial Position in order to provide a better analysis of past performance and to assist future planning.</i></p> <p>The licensee prepares a 20 year financial plan. The OIAMC requests that the licensee provides a plan of this length.</p> <p>Statements of Financial Position are prepared as part of the annual accounting audit report but are not included as part of the licensee's financial plan in the same balance sheet / statement of financial position format included in the annual accounts.</p> <p>However, the 5 and 20 year financial plans provide projections of future financial position to assist in future planning. The licensee prepares detailed P&amp;L operating forecasts and detailed cash flow analysis, with ongoing review. Therefore, we consider that the licensee has completed this recommendation.</p>	July 2014	No further action required.

**B. Resolved during current review period**

Reference (no./year)	(Asset management effectiveness rating / Asset Management System Component & Criteria / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
2.9/2012	<p><b>Review of Asset Management System</b></p> <p>The Asset Management Plan has not been reviewed since 2008 apart from financial projections being extended to 2016/17. The Plan specifies review at five yearly intervals so the next review is due by August 2013.</p> <p>It is considered that the Plan should be reviewed on an annual basis and condition assessments of assets, financial projections, etc. updated with major reviews and re-issue of the Plan every five years.</p> <p>Also, the Plan has not been updated for the current licence issued by the Authority in May 2009.</p> <p>The Plan does not include a history of changes which it is considered would be useful to the reader.</p>	<p>a) <i>Implement a procedure to review/update the Asset Management Plan on an annual basis or if major changes occur, and full revision and re-issue every 5 years. The asset condition assessment, maintenance policies, capital expenditure plans and financial plans should be revised annually.</i></p>	July 2014	No further action required.
		<p>It is part of a requirement from the OIAMC for the licensee to review the information included in the AMP on an annual basis. We confirmed that the original current version of the AMP was prepared in February 2014 and was review/updated in February 2015. Asset condition and maintenance requirements are reviewed by the licensee annually. Financial Plans are also updated as part of the annual budget. As the licensee is not the asset owner, the capital expenditure is reviewed by the OIAMC.</p>		
		<p>b) <i>Document the review process in the Asset Management Plan, including information such as responsibility, what is reviewed and how frequently.</i></p>	July 2014	No further action required.
		<p>The responsibilities for specific tasks associated with the review and update of the AMP are included in the Policies and Procedures manual and additional detail is provided in the licensee's Quality Management Plan. The requirements for the review of the AMP are included in Section 5.4 of the AMP although there is no specific step-by-step process for conducting the review. Given the structure of the</p>		

**B. Resolved during current review period**

Reference (no./year)	(Asset management effectiveness rating / Asset Management System Component & Criteria / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
		AMP and the headings within it, we consider that updating the document is fairly self-explanatory.		
		c) <i>Update the Plan Review section of the AMP accordingly, including the requirement to notify the Authority of any changes to the asset management system within 10 business days (Major revisions of the AMP should be advised to the Authority).</i>	July 2014	Include the requirement to inform the ERA of any changes to the asset management system within 10 business days in Section 5.4 of the AMP and add to CEO Checklist document.
		As noted above, the requirements for the review of the AMP are included in Section 5.4 of the AMP although there is no specific step-by-step process for conducting the review. The AMP does not include the requirement to notify the ERA of any changes to the asset management system within 10 business days.		
		d) <i>Keep track of all reviews of the AMP in a document history section.</i>	July 2014	No further action required.
		The new template that the licensee prepared when developing its new Asset Management System documents includes a document history section on the front cover of each Management Plan/document which records the date of review, the changes made and the sign-off by the reviewer.		

C. Unresolved at end of current review period

Reference (no./year)	(Asset management effectiveness rating / Asset Management System Component & Criteria / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation
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## 4 Performance Summary

The performance audit is summarised in a table with adequacy of control and compliance rating. The table includes all applicable compliance reporting items and are numbered according to the ERA's Water Compliance Reporting Manual, April 2014. Description of the rating scale and outcomes of the performance audit is provided in the following sections.

### 4.1 Assessment Rating Scales

In accordance with the Audit Guidelines, an assessment of the performance of the Ord Irrigation Cooperative was completed using the rating scale in Table 4-1 and asset management system effectiveness using the rating scales in Table 4-2 and Table 4-3.

**Table 4-1 Audit Compliance and Controls Rating Scales**

Adequacy of Controls Rating		Compliance Rating	
Rating	Description	Rating	Description
A	Adequate controls – no improvement needed	1	Compliant
B	Generally adequate controls – improvement needed	2	Non-compliant – minor impact on customers or third parties
C	Inadequate controls – significant improvement required	3	Non-compliant – moderate impact on customers or third parties
D	No controls evident	4	Non-compliant – major impact on customers or third parties
NP	Not Performed		

**Table 4-2 Asset Management Process and Policy Definition Adequacy Rating**

Rating	Description	Criteria
A	Adequately defined	<ul style="list-style-type: none"> <li>▪ Processes and policies are documented.</li> <li>▪ Processes and policies adequately document the required performance of the assets.</li> <li>▪ Processes and policies are subject to regular reviews, and updated where necessary.</li> <li>▪ The asset management information system(s) are adequate in relation to the assets that are being managed.</li> </ul>
B	Requires some improvement	<ul style="list-style-type: none"> <li>▪ Process and policy documentation requires improvement.</li> <li>▪ Processes and policies do not adequately document the required performance of the assets.</li> <li>▪ Reviews of processes and policies are not conducted regularly enough.</li> <li>▪ The asset management information system(s) require minor improvements (taking into consideration the assets that are being managed).</li> <li>▪ Process and policy documentation is incomplete or requires significant improvement.</li> </ul>
C	Requires significant improvement	<ul style="list-style-type: none"> <li>▪ Processes and policies do not document the required performance of the assets.</li> <li>▪ Processes and policies are significantly out of date.</li> <li>▪ The asset management information system(s) require significant improvements (taking into consideration the assets that are being managed).</li> </ul>

Rating	Description	Criteria
D	Inadequate	<ul style="list-style-type: none"> <li>Processes and policies are not documented.</li> <li>The asset management information system(s) is not fit for purpose (taking into consideration the assets that are being managed).</li> </ul>

**Table 4-3 Asset Management Performance Ratings**

Rating	Description	Criteria
1	Performing effectively	<ul style="list-style-type: none"> <li>The performance of the process meets or exceeds the required levels of performance.</li> <li>Process effectiveness is regularly assessed, and corrective action taken where necessary.</li> </ul>
2	Opportunity for improvement	<ul style="list-style-type: none"> <li>The performance of the process requires some improvement to meet the required level.</li> <li>Process effectiveness reviews are not performed regularly enough.</li> <li>Process improvement opportunities are not actioned.</li> </ul>
3	Corrective action required	<ul style="list-style-type: none"> <li>The performance of the process requires significant improvement to meet the required level.</li> <li>Process effectiveness reviews are performed irregularly, or not at all.</li> <li>Process improvement opportunities are not actioned.</li> </ul>
4	Serious action required	<ul style="list-style-type: none"> <li>Process is not performed, or the performance is so poor that the process is considered to be ineffective.</li> </ul>

## 4.2 Operational Audit Compliance Summary

Table 4-4 provides a summary of the Ord Irrigation Cooperative's compliance rating against each licence obligation, and an adequacy of controls rating where the item has been found to be non-compliant.

Na = Not applicable - Determined during the audit that the compliance obligation does not apply to the Licensee's business operations

Nr = Not rated - No relevant activity took place during the audit period, therefore it is not possible to assess compliance.

**Table 4-4 Audit Obligation Ratings**

Compliance Obligation Ref No. (2014 Water Compliance Reporting Manual unless noted otherwise)	Licence Reference	Audit Priority applied (rated 1 (Highest) to 5 (Lowest))	Adequacy of Controls Rating					Compliance Rating				
			A	B	C	D	NP	1	2	3	4	Na
<b>Water Services Licensing Act 1995</b>												
2012/7	Clause 20.1	2	✓						✓			
2012/9	Clause 6.1	4						✓	✓			
2012/10	Schedule 3 Clause 3.2	4						✓	✓			
2012/12	Schedule 3 Clause 3.2 (b)	5						✓	✓			
2012/14	Schedule 3 Clause 3.2 (d)	4						✓	✓			
2012/15	Schedule 3 Clause 3.10	4						✓	✓			

Compliance Obligation Ref No. (2014 Water Compliance Reporting Manual unless noted otherwise)	Licence Reference	Audit Priority applied (rated 1 (Highest) to 5 (Lowest))	Adequacy of Controls Rating					Compliance Rating						
			A	B	C	D	NP	1	2	3	4	Na	NR	
2012/17	Schedule 3 Clause 3.6	4					✓							✓
2012/18	Schedule 3 Clause 3.7	4					✓							✓
2012/19	Clause 7.1	4					✓	✓						
2012/20	Schedule 3 Clause 2.5	4					✓	✓						
2012/21	Schedule 3 Clause 2.6	5					✓	✓						
2012/22	Schedule 3 Clause 2.7	4					✓	✓						
2012/23	Clause 8	4					✓	✓						
2012/24	Schedule 3 Clause 4.1	4					✓	✓						
2012/25	Schedule 3 Clause 4.2	4					✓	✓						
2012/26	Schedule 3 Clause 4.3	4					✓							✓
2012/27	Schedule 3 Clause 4.4	4					✓	✓						
2012/32	Schedule 3 Clause 6	4					✓							✓
2012-	Schedule 6 Clause 2.1	4					✓	✓						
2012-	Schedule 6 Clause 2.2	4					✓	✓						
2012-	Schedule 6 Clause 2.3	4					✓							✓
<b>Fees (Clause 4)</b>														
155	Clause 4	5					✓	✓						
<b>Compliance (Clause 5)</b>														
156	Clause 5.1	4		✓						✓				
<b>Water Services Act 2012</b>														
10	Clause 5.2	4						N/A						✓
11	Clause 5.3	4	✓							✓				
13	Section 36	4						✓						✓
16	Section 77(3)	4						✓	✓					
20	Section 90(7)	5						✓	✓					
21	Section 95(3)	2						N/A						✓
22	Section 96(1)	4						N/A						✓
23	Section 96(5)	5						N/A						✓
28	Section 119(2)	4						✓	✓					
29	Section 122(2)	4						✓						✓
30	Section 125(2)	4						N/A					✓	
31	Section 128(4)	4						✓						✓

Compliance Obligation Ref No. (2014 Water Compliance Reporting Manual unless noted otherwise)	Licence Reference	Audit Priority applied (rated 1 (Highest) to 5 (Lowest))	Adequacy of Controls Rating					Compliance Rating							
			A	B	C	D	NP	1	2	3	4	Na	NR		
32	Section 129(5)	4					✓								✓
33	Section 139(3)	4					✓								✓
34	Section 141(1)	4					✓								✓
35	Sections 142	4					✓								✓
36	Sections 143 (2)	4					✓								✓
37	Sections 143 (3)	4					✓								✓
38	Sections 144(3)	4					✓								✓
39	Section 145(2)	4					✓								✓
40	Section 147(3)	4					✓								✓
41	Section 147(4)	4					✓								✓
42	Section 151(1)	4					✓								✓
43	Section 151(2)	4					✓								✓
44	Section 152(3)	4					✓								✓
45	Section 153(3)	4					✓								✓
46	Section 166(5)	4					✓								✓
47	Section 166(6)	4					✓								✓
48	Section 170	4					✓								✓
49	Section 173(4)	4					✓	✓							
50	Section 174(1)	4					✓	✓							
51	Section 174(3)	4					✓	✓							
52	Section 175(2)	4					N/A							✓	
53	Section 175(5)	4					N/A							✓	
54	Section 176(1)	4					✓								✓
55	Section 176(3)	4					✓								✓
56	Section 176(4)	4					✓								✓
57	Section 181	5					✓								✓
58	Section 186	4					✓								✓
59	Section 187(1) – (3)	4					✓								✓
60	Section 190(4)	4					✓								✓
61	Section 190(5)	4					✓								✓
62	Section 210(5)	4					✓								✓
63	Section 218(2)	5					✓								✓
64	Section 218(3)	4					✓								✓



Compliance Obligation Ref No. (2014 Water Compliance Reporting Manual unless noted otherwise)	Licence Reference	Audit Priority applied (rated 1 (Highest) to 5 (Lowest))	Adequacy of Controls Rating					Compliance Rating						
			A	B	C	D	NP	1	2	3	4	Na	NR	
157	Clause 5.2	4					N/A							✓
158	Clause 5.3	4	✓							✓				
<b>Water Services Regulations 2013</b>														
74	Regulation 60(2)	4					N/A							✓
75	Regulation 63	4					✓							✓
89	Regulation 85	4					✓							✓
<b>Water Services Code of Conduct (Customer Service Standards) 2013</b>														
92	Clause 7	4					✓	✓						
93	Clause 8	4					N/A							✓
94	Clause 9	4					✓	✓						
95	Clauses 10(2)	4					✓	✓						
96	Clauses 10(3)	4					✓	✓						
97	Clause 10(4)	4					✓	✓						
98	Clause 10(5)	4					✓	✓						
99	Clause 11	4					✓	✓						
103	Clause 13(1)	4					✓	✓						
104	Clause 13(2)	4					✓	✓						
105	Clause 14(1)	4					✓	✓						
106	Clause 15	4					N/A							✓
107	Clause 16(2)	4					✓	✓						
108	Clause 16(3)	4					✓	✓						
109	Clause 16(4)	4					✓							✓
110	Clause 16(5)	4					✓	✓						
111	Clause 17(1)	4					✓	✓						
112	Clause 17(2)	4					✓	✓						
113	Clause 18(1)	4					✓	✓						
114	Clause 18(2)	4					✓	✓						
115	Clauses 18(3) & (6)	4					✓	✓						
116	Clause 18(4)	4					✓	✓						
117	Clause 18(5)	4					✓	✓						
118	Clause 20	4					✓	✓						
119	Clause 21(1)	4		✓						✓				
120	Clause 21(2)	4					✓	✓						

Compliance Obligation Ref No. (2014 Water Compliance Reporting Manual unless noted otherwise)	Licence Reference	Audit Priority applied (rated 1 (Highest) to 5 (Lowest))	Adequacy of Controls Rating					Compliance Rating							
			A	B	C	D	NP	1	2	3	4	Na	NR		
121	Clause 22	4		✓							✓				
122	Clause 23(1)	4		✓							✓				
123	Clause 24	4						✓		✓					
124	Clause 25	4						✓							✓
125	Clauses 26(1) & (2)	4						N/A						✓	
126	Clause 26(3)	4						N/A						✓	
127	Clause 26(4)	4						N/A						✓	
128	Clause 26(5)	4						N/A						✓	
129	Clauses 26(6)	4						N/A						✓	
130	Clause 27(2)	4						N/A						✓	
131	Clause 27(3)	4						N/A						✓	
132	Clause 28(1)	4						✓							✓
133	Clauses 28(4) & (5)	4						✓		✓					
134	Clause 29	4						✓							✓
139	Clause 33	4						N/A						✓	
142	Clause 34(4)	4						N/A						✓	
144	Clause 34(6)	4						N/A						✓	
145	Clause 35(1)	4						✓		✓					
146	Clause 35(2)	4						✓		✓					
147	Clause 35(3)	4						✓		✓					
148	Clause 35(4)	4						✓		✓					
149	Clause 35(6)	4						✓		✓					
150	Clause 36(1)	4		✓							✓				
152	Clause 36(2)	4						✓		✓					
153	Clause 37(1)	4		✓							✓				
159	Clause 5.4	4						✓							✓
<b>Water Services Act 2012</b>															
<b>Accounting Records (Clause 12)</b>															
160	Section 12	4						✓		✓					
<b>Individual Performance Standards (Clause 13)</b>															
161	Section 12	5						✓		✓					
<b>Operational Audit (Clause 14)</b>															

Compliance Obligation Ref No. (2014 Water Compliance Reporting Manual unless noted otherwise)	Licence Reference	Audit Priority applied (rated 1 (Highest) to 5 (Lowest))	Adequacy of Controls Rating					Compliance Rating						
			A	B	C	D	NP	1	2	3	4	Na	NR	
9	Section 25	5					✓	✓						
162	Section 12	4					✓	✓						
<b>Reporting a Change in Circumstance (Clause 15)</b>														
163	Section 12	2					✓							✓
164	Section 12	4					✓							✓
<b>Provision of Information (Clause 16)</b>														
165	Section 12	4					✓	✓						
166	Section 12	4	✓							✓				
167	Section 12	4	✓							✓				
<b>Publishing Information (Clause 17)</b>														
168	Section 12	4					✓							✓
<b>Notices (Clause 18)</b>														
169	Section 12	4					✓	✓						
<b>Asset Management System (Clause 20)</b>														
170	Section 12	4					✓							✓
171	Section 12	5					✓	✓						
172	Section 12	4					✓	✓						
6	Sections 24(1)(a) & 24(2)	4					✓	✓						
7	Section 24(1)(b)	5					✓	✓						
8	Section 24(1)(c)	5					✓	✓						
<b>Water Services Ombudsman Scheme (Clause 21)</b>														
173	Section 12	4					✓	✓						
15	Section 66	4					✓	✓						
<b>Standard Terms &amp; Conditions of Service (Clause 22)</b>														
174	Section 12	4						N/A						✓
<b>Customer Contract (Clause 23)</b>														
175	Section 12	5					✓							✓

Compliance Obligation Ref No. (2014 Water Compliance Reporting Manual unless noted otherwise)	Licence Reference	Audit Priority applied (rated 1 (Highest) to 5 (Lowest))	Adequacy of Controls Rating					Compliance Rating							
			A	B	C	D	NP	1	2	3	4	Na	NR		
176	Section 12	5					✓								✓
177	Section 12	5					✓								✓
178	Section 12	5					✓								✓
<b>Non Standard Terms &amp; Conditions of Service (Clause 24)</b>															
179	Section 12	4					✓								✓
180	Section 12	4					✓								✓
<b>Supplier of Last Resort (Clause 25)</b>															
181	Section 12	4						N/A							✓
14	Section 60	4						N/A							✓
<b>Duties of the licensee (Clause 26)</b>															
12	Section 29	4	✓								✓				
<b>Provision of Water Services (Clause 27)</b>															
1	Section 21(1)(a)	5						✓		✓					
2	Section 21(1)(b)	4						✓		✓					
3	Section 21(1)(c)	4						✓		✓					
<b>Provision of Water Services Outside Operating Area (Clause 28)</b>															
182	Section 12	4						✓							✓
4	Section 22	4						✓							✓
<b>Works Holding Arrangements (Clause 29)</b>															
5	Section 23	4						✓		✓					
<b>Hardship Policy (Clause 30)</b>															
183	Section 12	4						N/A							✓
<b>Memorandum of Understanding (Clause 31)</b>															
184	Section 12	N/A						N/A							✓
185	Section 12	N/A						N/A							✓
186	Section 12	N/A						N/A							✓

Compliance Obligation Ref No. (2014 Water Compliance Reporting Manual unless noted otherwise)	Licence Reference	Audit Priority applied (rated 1 (Highest) to 5 (Lowest))	Adequacy of Controls Rating					Compliance Rating				
			A	B	C	D	NP	1	2	3	4	Na
<b>Performance Standards (Schedule 3)</b>												
190	Section 9	2	✓							✓		

### 4.3 Asset Management Review Effectiveness Summary

The asset management system review assessed the effectiveness of the asset management system in delivering the services as required under the operating licence.

The review was conducted utilising the asset management adequacy and performance ratings as outlined in the Audit Guidelines. A summary of the outcomes of the review is provided in Table 4-5.

Based on our asset management system review observations and findings, we consider that the adequacy and performance of the licensee's system meets a level appropriate for the licensee, given the size, asset base and risks associated with the services that it is licenced to provide. Generally the gradings that we have assigned to the licensee's asset management system components reflect that there is room for improvement to achieve what would be considered 'best practice'.

**Table 4-5 Asset Management Review Effectiveness Summary**

Asset Management System Component	Asset management process and policy definition adequacy rating	Asset management performance rating
<b>Asset planning</b>	<b>A</b>	<b>1</b>
▪ Asset management plan covers key requirements	A	1
▪ Planning process and objectives reflect the needs of all stakeholders and is integrated with business planning	A	1
▪ Service levels are defined	A	1
▪ Non-asset options (e.g. demand management) are considered	A	1
▪ Lifecycle costs of owning and operating assets are assessed	A	1
▪ Funding options are evaluated	A	1
▪ Costs are justified and cost drivers identified	A	1
▪ Likelihood and consequences of asset failure are predicted	A	1
▪ Plans are regularly reviewed and updated	A	1

Asset Management System Component	Asset management process and policy definition adequacy rating	Asset management performance rating
<b>Asset creation/acquisition</b>	<b>A</b>	<b>1</b>
<ul style="list-style-type: none"> <li>Full project evaluations are undertaken for new assets</li> </ul>	A	1
<ul style="list-style-type: none"> <li>Evaluations include all life-cycle costs</li> </ul>	A	1
<ul style="list-style-type: none"> <li>Projects reflect sound engineering and business decisions</li> </ul>	A	1
<ul style="list-style-type: none"> <li>Commissioning tests are documented and completed</li> </ul>	A	1
<ul style="list-style-type: none"> <li>Ongoing legal / environmental / safety obligations of the asset owner are assigned and understood</li> </ul>	A	1
<b>Asset disposal</b>	<b>A</b>	<b>1</b>
<ul style="list-style-type: none"> <li>Under-utilised and under-performing assets are identified as part of a regular systematic review process</li> </ul>	A	1
<ul style="list-style-type: none"> <li>The reasons for under-utilisation or poor performance are critically examined and corrective action or disposal undertaken</li> </ul>	A	1
<ul style="list-style-type: none"> <li>Disposal alternatives are evaluated</li> </ul>	A	1
<ul style="list-style-type: none"> <li>There is a replacement strategy for assets</li> </ul>	A	1
<b>Environmental analysis</b>	<b>A</b>	<b>1</b>
<ul style="list-style-type: none"> <li>Opportunities and threats in the system environment are assessed</li> </ul>	A	1
<ul style="list-style-type: none"> <li>Performance standards (availability of service, capacity, continuity, emergency response, etc.) are measured and achieved</li> </ul>	A	1
<ul style="list-style-type: none"> <li>Compliance with statutory and regulatory requirements</li> </ul>	A	1
<ul style="list-style-type: none"> <li>Achievement of customer service levels</li> </ul>	A	1
<b>Asset operations</b>	<b>A</b>	<b>2</b>
<ul style="list-style-type: none"> <li>Operational policies and procedures are documented and linked to service levels required</li> </ul>	A	1
<ul style="list-style-type: none"> <li>Risk management is applied to prioritise operations tasks</li> </ul>	A	1

Asset Management System Component	Asset management process and policy definition adequacy rating	Asset management performance rating
<ul style="list-style-type: none"> <li>Assets are documented in an Asset Register including asset type, location, material, plans of components, an assessment of assets' physical/structural condition and accounting data</li> </ul>	A	2
<ul style="list-style-type: none"> <li>Operational costs are measured and monitored</li> </ul>	A	1
<ul style="list-style-type: none"> <li>Staff resources are adequate and staff receive training commensurate with their responsibilities</li> </ul>	A	1
<b>Asset maintenance</b>	<b>A</b>	<b>1</b>
<ul style="list-style-type: none"> <li>Maintenance policies and procedures are documented and linked to service levels required</li> </ul>	A	1
<ul style="list-style-type: none"> <li>Regular inspections are undertaken of asset performance and condition</li> </ul>	A	1
<ul style="list-style-type: none"> <li>Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule</li> </ul>	A	1
<ul style="list-style-type: none"> <li>Failures are analysed and operational / maintenance plans adjusted where necessary</li> </ul>	A	1
<ul style="list-style-type: none"> <li>Risk management is applied to prioritise maintenance tasks</li> </ul>	A	1
<ul style="list-style-type: none"> <li>Maintenance costs are measured and monitored</li> </ul>	A	1
<b>Asset management information system</b>	<b>A</b>	<b>1</b>
<ul style="list-style-type: none"> <li>Adequate system documentation for users and IT operators</li> </ul>	A	1
<ul style="list-style-type: none"> <li>Input controls include appropriate verification and validation of data entered into the system</li> </ul>	A	1
<ul style="list-style-type: none"> <li>Logical security access controls appear adequate, such as passwords</li> </ul>	A	1
<ul style="list-style-type: none"> <li>Physical security access controls appear adequate</li> </ul>	A	1
<ul style="list-style-type: none"> <li>Data backup procedures appear adequate and backups are tested</li> </ul>	A	1

Asset Management System Component	Asset management process and policy definition adequacy rating	Asset management performance rating
<ul style="list-style-type: none"> <li>Key computations related to licensee performance reporting are materially accurate</li> </ul>	A	1
<ul style="list-style-type: none"> <li>Management reports appear adequate for the licensee to monitor licence obligations</li> </ul>	A	1
<b>Risk management</b>	<b>A</b>	<b>1</b>
<ul style="list-style-type: none"> <li>Risk management policies and procedures exist and are being applied to minimise internal and external risks associated with the asset management system</li> </ul>	A	1
<ul style="list-style-type: none"> <li>Risks are documented in a risk register and treatment plans are actioned and monitored</li> </ul>	A	1
<ul style="list-style-type: none"> <li>The probability and consequence of risk failure are regularly assessed</li> </ul>	A	1
<b>Contingency planning</b>	<b>A</b>	<b>1</b>
<ul style="list-style-type: none"> <li>Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks</li> </ul>	A	1
<b>Financial planning</b>	<b>A</b>	<b>1</b>
<ul style="list-style-type: none"> <li>The financial plan states the financial objectives and strategies and actions to achieve the objectives</li> </ul>	A	1
<ul style="list-style-type: none"> <li>The financial plan identifies the source of funds for capital expenditure and recurrent costs</li> </ul>	A	1
<ul style="list-style-type: none"> <li>The financial plan provides projections of operating statements (profit and loss) and statement of financial position (balance sheets)</li> </ul>	A	1
<ul style="list-style-type: none"> <li>The financial plan provide firm predictions on income for the next five years and reasonable indicative predictions beyond this period</li> </ul>	A	1
<ul style="list-style-type: none"> <li>The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services</li> </ul>	A	1
<ul style="list-style-type: none"> <li>Significant variances in actual / budget income and expenses are identified and corrective action taken where necessary</li> </ul>	A	1



Asset Management System Component	Asset management process and policy definition adequacy rating	Asset management performance rating
<b>Capital expenditure planning</b>	<b>A</b>	<b>1</b>
<ul style="list-style-type: none"> <li>There is a capital expenditure plan that covers issues to be addressed, actions proposed, responsibilities and dates</li> </ul>	A	1
<ul style="list-style-type: none"> <li>The plan provides reasons for capital expenditure and timing of expenditure</li> </ul>	A	1
<ul style="list-style-type: none"> <li>The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan</li> </ul>	A	1
<ul style="list-style-type: none"> <li>There is an adequate process to ensure that the capital expenditure plan is regularly updated and actioned</li> </ul>	A	1
<b>Review of AMS</b>	<b>A</b>	<b>1</b>
<ul style="list-style-type: none"> <li>A review process is in place to ensure that the asset management plan and the asset management system described therein are kept current</li> </ul>	A	1
<ul style="list-style-type: none"> <li>Independent reviews (e.g., internal audit) are performed of the asset management system</li> </ul>	A	1

## 5 Observations and Recommendations

### 5.1 Performance Audit

**Table 5-1 Performance Audit Observations**

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
<b>Water Services Licensing Act 1995</b>						
<i>Note: Licence obligations under the Water Service Licencing Act 1995 have now been made redundant by the introduction of the Water Services Act 2012. The redundant obligations are included in this table with a reference to the 2012 version of the Compliance Manual in the second column).</i>						
<p>The Licensee must comply with the service and performance standards as set out in Schedule 4. These are:</p> <p><b>1.1 <u>Notification of Non-Potable Water</u></b></p> <p>The licensee shall provide annual notification to all customers provided with non-potable water that the water supplied is not suitable for drinking.</p> <p><b>Target:</b> 100% of customers provided with non-potable receive annual advice that the water supplied is not suitable for drinking.</p> <p><b>2.1 <u>Quality of Supply</u></b></p> <p>Supply water that is suitable for Irrigation purposes</p> <p><b>Target:</b> To supply water that is less than 1200 mg/L TDS.</p>	2012/7	Clause 20.1	2	<p><b><u>Notification of Non-Potable Water</u></b></p> <ul style="list-style-type: none"> <li>We confirmed that the invoice template used by licensee to bill its customers every month specifies that the water supplied is a non-potable supply. This information is also included in the AGM minutes every year and this document is provided to all customers.</li> <li>The information is also included in the newsletter that licensee issues at least once a year to all customers and we confirmed this at audit.</li> <li>The Customer Service Charter also states that the water supplied is a non-potable supply.</li> <li>Although the licensee has added the requirement into the CEO Checklist, as it is included on each monthly invoice sent to customers, this recommendation for a reminder is no longer required unless the invoice template changes.</li> <li>Based on the evidence reviewed at audit, we confirmed that the licensee has met the requirement to provide annual notification to 100% of customers provided</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with license staff</li> <li>Customer Service Charter, December 2008</li> <li>Customer Service Charter, August 2013</li> <li>AGM Agenda</li> <li>Copies of Newsletters</li> <li>OIC Monthly Customer Invoices</li> <li>Water Quality Annual Reports 2012, 2013, 2014</li> <li>Annual Performance Reports (2012, 2013, 2014)</li> <li>Complaints Register</li> <li>Rules of Ord Irrigation Cooperative</li> <li>Grower Notices with planned shutdown details</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
<p><b>3.1 <u>Customer Complaints</u></b> Complaints to be resolved within 15 business days. <b>Target:</b> 90% of customer complaints resolved within 15 business days.</p> <p><b>4.1 <u>Planned Interruptions</u></b> Planned service interruptions with 5 business days' notice <b>Target:</b> In the preceding 12 month period 90% of all customers received the service standard.</p>				<p>with non-potable that the water supplied is not suitable for drinking.</p> <p><b><u>Quality of Supply</u></b></p> <ul style="list-style-type: none"> <li>▪ The licensee samples water quality on three locations; the Packsaddle offtake, the M1 Channel offtake and the Stock Route, which is approximately half way down the Ivanhoe Plains irrigation area. Sampling is carried out every four weeks.</li> <li>▪ Although the licensee has a licence requirement and target related to TDS, the water is tested for a range of quality parameters.</li> <li>▪ The licensee carries out the water sampling and the samples are sent to the National Measurement Institute in Perth for analysis.</li> <li>▪ The test reports are provided back to the licensee as well as also being sent to the Department of Water.</li> <li>▪ In addition to the licensee's own water sampling regime, Water Corporation, who are the asset owner of the main M1 supply channel, sample in eight locations along the M1. The Water Corporation's water quality sampling is associated with its WWTP discharge licence. The Kununurra WWTP discharges into the M1 Channel.</li> <li>▪ In addition, Ord Co, a farmers' cooperative also carry out water sampling within the irrigation district related to Farm Fresh accreditation, as the water used in fruit washing needs to meet certain standards.</li> <li>▪ We reviewed the Annual Reports that include the water quality results for 2012, 2013 and 2014 and confirmed the licensee has achieved the TDS target in</li> </ul>		

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				<p>each of the three years for which the previous licence was applicable. The licensee has a trigger level for TDS of 844 mg/l that results in further investigations if reached. However, the water quality sampling data showed that the TDS levels did not exceed 100 mg/l in any of the years.</p>		
				<p><b><u>Customer Complaints</u></b></p> <ul style="list-style-type: none"> <li>▪ The licensee’s Customer Service Charter sets out the complaints process. An overview is provided in the Customer Contact section of the 2008 version of the Charter and in Section 8 of the updated August 2013 Charter.</li> <li>▪ Complaints may be made in writing, by telephone, in person at the licensee’s office by email. Contact details for the General Manager and Administration Manager are provided on the licensee’s website.</li> <li>▪ The licensee maintains an Excel spreadsheet register for tracking complaints. The register records the complaint number, customer details, the received date, a summary of the issue, a summary of the response and the date the licensee responded.</li> <li>▪ As the licensee is a cooperative, with members being shareholders in the business, issues are generally discussed with customers before they are raised to a formal complaint. Generally when complaints are made it is because they have reached a high level complaint and need an action to be completed to be</li> </ul>		

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				<p>addressed. Complaints are taken to the Board if required.</p> <ul style="list-style-type: none"> <li>▪ The licensee also has a complaints procedure in it Rules of Ord Irrigation Cooperative, which sets out the rules and responsibilities for the Cooperative and its members.</li> <li>▪ The licensee has a Disputes Panel and Committee that complaints can be escalated to if they cannot be resolved by the licensee. The Disputes panel is elected by member customers of the cooperative every three year. The process for resolution of disputes is also covered in the Rules of Ord Irrigation Cooperative</li> <li>▪ The licensee usually receives a small number of complaints each year.</li> <li>▪ We reviewed the licensee's complaints register and confirmed that it received no complaints in 2011/12, two complaints in 2012/13 and two complaints in 2013/14.</li> <li>▪ We compared the complaints register to the complaints data the licensee has reported for inclusion in the National Performance Report and observed that the licensee reported three complaints as being received in 2012/13. This is believed to have been an error caused by including one of the complaints received in 2013/14 in the 2012/13 data. The number of complaints recorded in the complaints register for 2011/12 and 2013/14 reconciled with the performance data submitted to the ERA for inclusion in the National Performance Report.</li> <li>▪ We confirmed that each complaint in each year was responded to within five business days. Therefore, the licensee</li> </ul>		

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				has achieved its target obligation for resolving complaints.		
				<p><b><u>Planned Interruptions</u></b></p> <ul style="list-style-type: none"> <li>▪ If the licensee needs to initiate a planned shutdown within the irrigation system, it issues notices to growers. Copies of the notices are kept on file.</li> <li>▪ The licensee provides at least seven days' notice of a planned interruption.</li> <li>▪ For interruptions outside of the growing season at the start of the wet season, the licensee looks to provide approximately 12 months' notice of any major planned interruptions. The licensee shuts down the system for one week at the start of October, November and December to allow the channels to drain in order to not have to carry out chemical weed control of the channels and shutdown the system for Acrolein treatment.</li> <li>▪ The 12 months advance notice is provided in the AGM Agenda and resulting minutes. We reviewed the AGM minutes for 2012, 2013 and 2014 and confirmed that they include a section on Acrolein and Planned Shutdowns that lists the dates of the proposed shutdowns.</li> <li>▪ The licensee still contacts customers with at least seven days' notice to confirm a planned shutdown with a long advance notice.</li> <li>▪ Given the nature of the chemical treatment, if the licensee is undertaking Acrolein treatment, it also advertises this in the local newspaper.</li> <li>▪ If the main M1 channel is shutdown, the licensee provides a notice of planned</li> </ul>		

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				<p>interruption to all growers as each customer in the Ivanhoe Plains area is impacted. If the shutdown is more localised, the licensee will only provide notice to the affected customers.</p> <ul style="list-style-type: none"> <li>▪ The licensee also has to carry out unplanned shutdowns during heavy rain events. These result in the system being shutdown and drained.</li> <li>▪ If there is more than 25mm of rain in an event, the licensee does not need to operate the irrigation to supply water to customers as the customers' crops will have sufficient water and will not need to be supplied through the channels. When this happens the licensee invokes an unscheduled shutdown.</li> <li>▪ We reviewed a sample of notices and confirmed that the licensee has provided all customers with more than five business days' notice of a planned interruption in the period. We also confirmed that the licensee has not received any complaints during the audit period related to customers not being provided with sufficient notice of a planned shutdown.</li> </ul>		

**Other Licence Conditions**

The licensee must establish a customer complaints process as set out in Schedule 3.	2012/9	Clause 6.1	4	<ul style="list-style-type: none"> <li>▪ Refer to Customer Complaints section included in the previous obligation (2012/7)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Interviews with license staff</li> <li>▪ Customer Service Charter, December 2008</li> <li>▪ Customer Service Charter, August 2013</li> <li>▪ Annual Performance Reports (2012, 2013, 2014)</li> </ul>	1
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Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
					<ul style="list-style-type: none"> <li>Complaints Register</li> <li>Rules of Ord Irrigation Cooperative</li> </ul>	
The licensee must resolve customer complaints within 15 business days of the receipt of complaint.	2012/10	Schedule 3 Clause 3.1	4	<ul style="list-style-type: none"> <li>Refer to Customer Complaints section included in 2012/7. We confirmed that the licensee has resolved all customer complaints received during the relevant audit period within 15 business days of the receipt of complaint.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with license staff</li> <li>Customer Service Charter, December 2008</li> <li>Customer Service Charter, August 2013</li> <li>Annual Performance Reports (2012, 2013, 2014)</li> <li>Complaints Register</li> <li>Rules of Ord Irrigation Cooperative</li> </ul>	1
The licensee must provide appropriately trained staff to respond to complaints.	2012/12	Schedule 3 Clause 3.2 (b)	5	<ul style="list-style-type: none"> <li>The CEO is authorised to make decisions to respond to complaints.</li> <li>The training and skills matrices included in the HR Management Plan have identified that the licensee's staff need training related to dealing with customers. The licensee is looking to carry out this training course in the next financial year via an HR/workplace management firm.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Quality Management Plan</li> <li>Complaints Register</li> <li>Rules of Ord Irrigation Cooperative</li> <li>HR Management Plan</li> </ul>	1
The licensee must provide an appropriate system to monitor and record the number, nature of and outcomes to complaints.	2012/14	Schedule 3 Clause 3.2 (d)	4	<ul style="list-style-type: none"> <li>Refer to Customer Complaints section included in 2012/7.</li> <li>The licensee has an Excel spreadsheet to monitor and record the number of complaints and the outcomes to the complaints. Given the licensee has less than 70 customers, the system is appropriate to the size of the licensee's customer base.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Complaints Register</li> </ul>	1



Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
The licensee must inform the customer of the option to refer a disputed complaint to the Department of Water.	2012/15	Schedule 3 Clause 3.10	4	<ul style="list-style-type: none"> <li>The Customer Contact section of the licensee's 2008 Customer Service Charter informs customers that a disputed complaint may be referred to the Department of Water. The version of the Charter updated in August 2013 informs customers of this option in Section 8.3 Department of Water.</li> <li>The Customer Service Charter provides an explanation of the process and the contact details for the Customer Service Officer. It also provides information on further escalation to the arbitrator.</li> <li>The licensee has a Disputes Panel that complaints can be escalated to if they cannot be resolved by the licensee. No complaints have been referred to the Panel during the audit period.</li> <li>We confirmed that none of the complaints received in the audit period have been referred to the Department of Water.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Complaints Register</li> <li>Customer Service Charter, December 2008</li> <li>Customer Service Charter, August 2013</li> <li>Rules of Ord Irrigation Cooperative</li> </ul>	1
The licensee must co-operate with the Department of Water's request for information concerning a disputed complaint.	2012/17	Schedule 3 Clause 3.6	4	<ul style="list-style-type: none"> <li>There have been no disputed complaints referred to the Department of Water during the audit period. Therefore, this obligation is not able to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Complaints Register</li> </ul>	NR
The licensee must, on request, provide complaints details to the Department of Water.	2012/18	Schedule 3 Clause 3.7	4	<ul style="list-style-type: none"> <li>There have been no disputed complaints referred to the Department of Water during the audit period. Therefore, this obligation is not able to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Complaints Register</li> </ul>	NR
The licensee must establish a Customer Service Charter as set out in Schedule 3.	2012/19	Clause 7.1	4	<ul style="list-style-type: none"> <li>A Customer Service Charter has been prepared in accordance with the ERA's guidelines.</li> <li>The current version of the Customer Service Charter was revised in August 2013. It was initially submitted to the ERA on 11/10/2012, before a final submission on 02/09/2013. The ERA approved this</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Customer Service Charter, December 2008</li> <li>Customer Service Charter, August 2013</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				current version of the Charter on 17/09/2013. <ul style="list-style-type: none"> <li>The version before this was revised in December 2008. The previous version of the Charter was approved by the Authority on 8 January 2009.</li> <li>In its approval letter of 17/09/2013, the ERA noted that the requirement for a Customer Service Charter was no longer a requirement under the Water Services Act 2012. However, the licensee has elected to maintain the document for the benefit of its customers and to meet the requirements and obligations it has under the new Act.</li> </ul>	<ul style="list-style-type: none"> <li>Correspondence with ERA</li> </ul>	
The licensee must make the Customer Service Charter available to its customers in the three ways detailed in their licence. <ol style="list-style-type: none"> <li>By prominently displaying it in those parts of the licensee's offices to which customers regularly have access</li> <li>By providing a copy, upon request, and at no charge, to the customer; and</li> <li>By sending a current copy, or a summary document approved by the Authority, to all customers at least once in every three year period or as agreed with the Authority.</li> </ol>	2012/20	Schedule 3 Clause 2.5	3	<ul style="list-style-type: none"> <li>The Customer Service Charter was displayed in the licensee's reception at the time of the audit. Although this obligation ended on 18 November 2013, as noted above, the licensee has elected to maintain a Customer Service Charter for the benefit of its customers. The previous operational audit in 2012 also noted that the Customer Service Charter was prominently displayed in the office at the audit.</li> <li>The licensee provides a copy of the Customer Service Charter, upon request, and at no charge, to the customer. We note that the Charter is not available on the licensee's website.</li> <li>The Customer Service Charter was last sent out to customers when it was last updated in 2013. We confirmed from an Australian Post receipt that 52 copies of the Charter were sent to the licensee's members on 25/11/2013.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Access to licensee's website</li> <li>Inspection of licensee's offices</li> <li>Customer Service Charter, December 2008</li> <li>Customer Service Charter, August 2013</li> <li>Correspondence with ERA</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				<ul style="list-style-type: none"> <li>The previous audit report noted that the previous version of the Charter was last sent to customers on 18 November 2008 and noted that this was a non-compliance. We consider that this has now been rectified in terms of meeting the requirement under the old legislation.</li> </ul>		
The licensee must review its Customer Service Charter at least once in every three year period.	2012/21	Schedule 3 Clause 2.6	4	<ul style="list-style-type: none"> <li>The current version of the Customer Service Charter was revised in August 2013. It was initially submitted to the ERA on 11/10/2012, before a final submission on 02/09/2013. The ERA approved this current version of the Charter on 17/09/2013.</li> <li>The licensee has complied with this obligation during the audit period for which it was relevant.</li> <li>Although this obligation is no longer relevant under the Water Services Act 2012, we confirmed that the licensee has included the review date in its CEO Checklist. We confirmed that the next scheduled review of the Customer Service Charter is due in August 2016. An automated reminder has also been set up in the Loc8 asset management system.</li> </ul>	<ul style="list-style-type: none"> <li>Customer Service Charter, December 2008</li> <li>Customer Service Charter, August 2013</li> <li>Correspondence with ERA</li> </ul>	1
The licensee must provide its services consistent with its Customer Service Charter.	2012/22	Schedule 3 Clause 2.7	3	<ul style="list-style-type: none"> <li>The 2013 review and revision of the Customer Service Charter reflected the relevant conditions outlined in the licence. The ERA approval letter dated 17/09/2013 notes that its review of the Charter found it to be consistent with the services.</li> <li>During the period June 2012 to November 2013, when the changes in legislation made the requirements related to the Customer Service Charter redundant, the licensee operated with the intention to</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Customer Service Charter, December 2008</li> <li>Customer Service Charter, August 2013</li> <li>Correspondence with ERA Review of licensee processes and other documentation for</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				<p>provide services as outlined in the licence and in the Customer Service Charter.</p> <ul style="list-style-type: none"> <li>During the period within the current audit timeframe when the licensee was required to implement a Customer Service Charter, processes were in place to guide the operation of the licensee's irrigation and non-potable services to meet the requirements outlined in the Customer Service Charter and licence.</li> <li>We observed no instances where the licensee provided its services inconsistent with the Customer Service Charter.</li> </ul>	<p>managing licensed water service</p>	
The licensee must establish customer consultation processes as set out in Schedule 3.	2012/23	Clause 8	4	<ul style="list-style-type: none"> <li>The licensee's Board meets on the last Wednesday of each month. The members of the Board are also customers of the licensee.</li> <li>The OIAMC (the asset owner of most of the assets within the licensee's operating area) has a separate Board that meets quarterly or more regularly if needed. This Board is also made up of customers that are serviced by the licensee.</li> <li>The licensee holds Shed Meetings, which are informal meetings with customers held twice a year to present information and receive feedback from customers.</li> <li>The AGM is held towards the end of each year and is attended by customers as well as the customers on the elected Board.</li> <li>We reviewed the minutes of the AGMs held during the audit period and observed that the meetings covered season opening and closing dates, tariff information and scheme operation information including completed and proposed works, new assets and replacements.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of AGM meeting minutes</li> <li>Copies of licensee newsletter</li> <li>Invitations to customers to attend AGM, Shed Meetings and Ord River Stakeholder meetings</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				<ul style="list-style-type: none"> <li>▪ The licensee issues a feedback form every year to customers which allows them to provide comments back the licensee but generally there is little response.</li> <li>▪ The licensee issues a newsletter to its customers at least once a year. We confirmed that the licensee issued newsletters to its customers in November 2012, December 2012, November 2013, September 2014 and December 2014.</li> <li>▪ The newsletter is emailed to customers and we confirmed that it has been issued via the covering letter email and the list of customers that it was sent to.</li> <li>▪ We reviewed the licensee’s newsletters from within the audit period and observed that it includes sections on the non-potable supply, the Customer Service Charter, proposed Acrolein injection dates, dates for Shed Meetings, chemical use, customer survey information, planned maintenance and other news. The newsletters also include information related to activities associated with other stakeholders that may impact on the licensee’s customers, including information of Department of Regional Development and Land, the Department of Water, Water Corporation and the Stage 2 development.</li> <li>▪ The licensee is also involved as a participant in the Ord River Stakeholder group which can be attended by the licensee’s customers. The meetings are advertised by each stakeholder organisation and we confirmed that the licensee sent out invitations to all of its customers during the audit period</li> </ul>		

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				<ul style="list-style-type: none"> <li>Based on our findings at the audit, we consider that the above items meet all three of the requirements of Clause 4.1(b) of Schedule 3 of the Licence (Version 2).</li> </ul>		
The licensee may either establish a Customer Council or institute at least 2 of the following: establish a regular meeting; publish a newsletter or run other public forums, concerning the licensed activities.	2012/24	Schedule 3 Clause 4.1	3	<ul style="list-style-type: none"> <li>As noted above, we consider that the licensee has met the requirements of Schedule 3, Clause 4.1.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of AGM meeting minutes</li> <li>Copies of licensee newsletter</li> <li>Invitations to customers to attend AGM, Shed Meetings and Ord River Stakeholder meetings</li> </ul>	1
The licence must consult the Authority on the type and extent of consultation to be adopted by the licensee.	2012/25	Schedule 3 Clause 4.2	4	<ul style="list-style-type: none"> <li>There has been no change to the type and extent of the customer consultation that has been adopted by the licensee.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Customer Service Charter, December 2008</li> <li>Customer Service Charter, August 2013</li> </ul>	1
The licensee must, if at the request of the Authority, establish other forums for consultations, to enable community involvement in issues relevant to licence obligations.	2012/26	Schedule 3 Clause 4.3	4	<ul style="list-style-type: none"> <li>The licensee was not requested by the Authority to establish other forums or consultations. Therefore, this obligation cannot be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Correspondence with ERA</li> </ul>	NR
The licensee must hold season opening and closing public meetings, and the agenda must cover at least season opening and closing conditions, tariffs and scheme operation.	2012/27	Schedule 3 Clause 4.4 Irrigation Licensee	3	<ul style="list-style-type: none"> <li>The licensee operates a full 12 month operating season from 1 January to 31 December, although in practice crops are not grown during the wet season and are typically harvested by the end of October.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>AGM Agendas and minutes</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				<ul style="list-style-type: none"> <li>The AGM normally takes place towards the end of each year.</li> <li>We reviewed the agendas from the AGMs held on 31 October 2012, 11 December 2013 and 26 November 2014 and confirmed that each AGM included addressing items of 'season opening and closing conditions', 'tariffs' and 'scheme operation'.</li> </ul>		
The licensee must conduct a customer survey if directed to by the Authority.	2012/32	Schedule 3 Clause 6	4	<ul style="list-style-type: none"> <li>The licensee advised that is has not been directed by the Authority to undertake a customer survey in the audit period. Therefore, this obligation cannot be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Correspondence with ERA</li> </ul>	NR
The licensee must set out in writing its conditions for connection and make it available to people enquiring or applying for connection.	-	Schedule 6 Clause 2.1	4	<ul style="list-style-type: none"> <li>The conditions for connections is set out in the licensee's Customer Service Charter. The previous version of the Charter that was in effect from the start of the audit period until the current version of the Charter was approved by the ERA on 17/09/2013 only provided very high-level information regarding connection. The information provided in the previous Charter was contained in different sections of the document but not to specifically address the conditions. However, the updated version of the Charter provides detailed connection information in Section 2 Conditions for Connection.</li> <li>The OIC has two different types of customer; Members and Non-Members. The conditions for connection are different for the two customer types and these are covered in separate sections in the Charter</li> <li>Conditions for connection are also detailed in the licensee's Rules of Ord</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Customer Service Charter, December 2008</li> <li>Customer Service Charter, August 2013</li> <li>Rules of Ord Irrigation Cooperative</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
<p>The licensee must ensure that its services are available for connection on any land in the Operating Area subject to compliance with the licensee's conditions.</p>	-	Schedule 6 Clause 2.2	4	<p>Irrigation Cooperative that sets out all of the licensee's rules.</p> <ul style="list-style-type: none"> <li>▪ As noted above, Section 2 of the licensee's current Customer Service Charter sets out the conditions for connection. This information was provided in the previous Charter but at a very high level in different sections of the document but not to specifically address the conditions.</li> <li>▪ Conditions for connection are also detailed in the licensee's Rules of Ord Irrigation Cooperative that sets out all of the licensee's rules.</li> <li>▪ In addition, any new connections have to comply with the conditions of the OIAMC, a separate cooperative and the asset owner for the majority of the assets in the irrigation operating area (Water Corporation are the asset owner of the M1 supply channel). Connections must comply with the Channel Drainage Design Manual and any new development must not impact on the infrastructure or the operations of the service.</li> <li>▪ This clause required that the services be available for connection "on any land in the Operating Area" subject to the conditions. The OIC has two different types of customer; Members and Non-Members. The conditions for connection are different for the two customer types. However, services were available to irrigation and non-potable water customers in the operating area that was in effect during the time in the audit period that this clause was in effect subject to the conditions for connection.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Interviews with licensee staff</li> <li>▪ Customer Service Charter, December 2008</li> <li>▪ Customer Service Charter, August 2013</li> <li>▪ Rules of Ord Irrigation Cooperative</li> <li>▪ Plan of Operating Area</li> </ul>	1



Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				<ul style="list-style-type: none"> <li>The operating area was revised and approved by the ERA on 23 December 2013 to cover the Stage 2 development but this was after this clause was made redundant.</li> </ul>		
The licensee may with the written agreement of the property owner discontinue a service where it is not commercially viable. <sup>21</sup>	-	Schedule 6 Clause 2.3	4	<ul style="list-style-type: none"> <li>Under the membership rules and the Rules of Ord Irrigation Cooperative, no customer within the irrigation areas is to be impacted by their location. As a result, customers in the Packsaddle Plains area are effectively subsidised by growers in the Ivanhoe Plains area as the cost to provide water through the Packsaddle pumping station is in the order of \$20/ML but the licensee only bills customers for this water at \$6/ML.</li> <li>There have been no instances of the water service being discontinued due to it being not commercially viable. Therefore, this obligation cannot be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<b>Fees (Clause 4)</b>						
The licensee must pay the applicable fees in accordance with the Regulations.	155	Clause 4	5	<ul style="list-style-type: none"> <li>The licensee pays an annual fee to the ERA (as per Schedule 4 of the Water Service Regulations 2013). We reviewed the correspondence with the ERA during the audit period and confirmed that the fees have been correctly paid.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Correspondence with the ERA</li> </ul>	1
<b>Compliance (Clause 5)</b>						
Subject to any modifications or exemptions granted pursuant to the Act, the licensee must comply with any applicable legislation.	156	Clause 5.1	4	<ul style="list-style-type: none"> <li>The licensee lists legislation and regulations applicable to the operation of their organisation and provision of the services in the Quality Management Plan. This document was created in June 2014 and reflect the current legislative environment.</li> <li>The licensee's General Manager is ultimately responsible for the</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Quality Management Plan</li> <li>Annual compliance reports</li> <li>This audit report</li> </ul>	2

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				organisation's asset management activities and any revisions or exemptions as well as keeping staff informed of these changes.		
				<ul style="list-style-type: none"> <li>▪ We have identified a small number of non-compliances with applicable legislation as follows:                             <ul style="list-style-type: none"> <li>– Section 27 – Compliance with Code of Conduct (Obligation 11)</li> <li>– Section 29 – Duties of the Licensee (Obligation 12)</li> </ul> </li> </ul>		
<b>Water Services Act 2012</b>						
<b>Compliance with Code of Practice made by the Minister</b>						
The licensee must comply with each code of practice made by the Minister to the extent to which it applies to the licensee.	10	Clause 5.2	4	<ul style="list-style-type: none"> <li>▪ No code(s) of practice have been made by the Minister that apply to the licensee. Therefore, this obligation is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Interviews with licensee staff</li> <li>▪ Correspondence with ERA</li> </ul>	NA
<b>Compliance with Code of Conduct made by Authority</b>						
The licensee must comply with the code of conduct that may be made by the Authority to the extent to which it applies to the licensee and is not inconsistent with the licence.	11	Clause 5.3	4	<ul style="list-style-type: none"> <li>▪ Obligations 92 – 153 in this table relate to specific requirements of the licensee relating to the Code of Conduct.</li> <li>▪ We have found through this audit that the licensee has not complied with all requirements of the Code of Conduct, specifically:                             <ul style="list-style-type: none"> <li>– Clause 21(1) – Payment methods (Obligation 119)</li> <li>– Clause 22 – Consent for Direct Debits (Obligation 121)</li> <li>– Clause 23(1) – Payment in Advance (Obligation 122)</li> <li>– Clause 36(1) – Service to be provided without charge (Obligation 150)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Interviews with licensee staff</li> <li>▪ Annual compliance reports</li> <li>▪ Customer Service Charter, August 2013</li> <li>▪ This audit report</li> </ul>	2

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				<ul style="list-style-type: none"> <li>– Clause 37(1) – Information to be publically available (Obligation 153)</li> </ul>		
<b>Provision of a water service ceasing — duty to leave system in safe condition</b>  If the licensee ceases to provide a water service in an area, the licensee must ensure that the water service works are left in a safe condition, and must not remove any part of the works except with the approval of the Minister.	13	Section 36	4	<ul style="list-style-type: none"> <li>▪ The licensee advised that it has not ceased to provide a water service during the audit period. Therefore, this obligation is not able to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Interviews with licensee staff</li> </ul>	NR
<b>Interruption of water services</b>  The licensee must take reasonable steps to minimise the extent or duration of any interruption of water services it is responsible for.	16	Section 77(3)	4	<ul style="list-style-type: none"> <li>▪ The licensee has in place appropriate asset management practices to minimise the extent or duration of any interruption of its water services. We discuss asset management practices further in the second section of this report.</li> <li>▪ If the licensee needs to initiate a planned shutdown within the irrigation system, it issues notices to growers. Copies of the notices are kept of file.</li> <li>▪ The licensee provides at least seven days' notice of a planned interruption.</li> <li>▪ For interruptions outside of the growing season at the start of the wet season, the licensee looks to provide approximately 12 months' notice of any major planned interruptions. The licensee shuts down the system for one week at the start of October, November and December to allow the channels to drain in order to not have to carry out chemical weed control of the channels and shutdown the system for Acrolein treatment.</li> <li>▪ The 12 months advance notice is provided in the AGM Agenda and resulting minutes.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Interviews with licensee staff</li> <li>▪ Review of asset management system</li> <li>▪ Annual Compliance Reports 2011/12, 2012/13, 2013/14</li> <li>▪ Notices of planned shutdowns</li> <li>▪ AGM Agenda and minutes</li> <li>▪ Customer Newsletters</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				<p>We reviewed the AGM minutes for 2012, 2013 and 2014 and confirmed that they include a section on Acrolein and Planned Shutdowns that lists the dates of the proposed shutdowns.</p> <ul style="list-style-type: none"> <li>▪ The licensee still contacts customers with at least seven days' notice to confirm a planned shutdown with a long advance notice.</li> <li>▪ Given the nature of the chemical treatment, if the licensee is undertaking Acrolein treatment, it also advertises this in the local newspaper.</li> <li>▪ If the main M1 channel is shutdown, the licensee provides a notice of planned interruption to all growers as each customer in the Ivanhoe Plains area is impacted. If the shutdown is more localised, the licensee will only provide notice to the affected customers.</li> <li>▪ The licensee also has to carry out unplanned shutdowns during heavy rain events. These result in the system being shutdown and drained.</li> <li>▪ If there is more than 25mm of rain in an event, the licensee does not need to operate the irrigation to supply water to customers as the customers' crops will have sufficient water and will not need to be supplied through the channels. When this happens the licensee invokes an unscheduled shutdown.</li> <li>▪ The impact of shutdowns is minimised as most growers work on a 10 – 14 days water cycle, meaning that once they have received a water order, this is usually sufficient for the next 10 – 14 days.</li> </ul>		

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				<ul style="list-style-type: none"> <li>We reviewed a sample of notices and confirmed that the licensee has provided all customers with more than five business days' notice of a planned interruption in the period. We also confirmed that the licensee has not received any complaints during the audit period related to customers not being provided with sufficient notice of a planned shutdown.</li> <li>We consider that the licensee takes reasonable steps to minimise the extent or duration of any interruption of water services it is responsible for.</li> </ul>		
<p><b>Construction etc. over or in vicinity of water service works of licensee</b></p> <p>If the licensee gives a compliance notice to a person who is undertaking construction or carrying out similar works in the vicinity of water service works, the licensee must, to the extent practicable, consult with the owner of the land on which the obstruction is located or the activity is taking place if the person to be given the notice is not the owner of the land.</p>	20	Section 90(7)	5	<ul style="list-style-type: none"> <li>The licensee has issued a couple of compliance notices under the Act during the audit period related to construction in the vicinity of water service works.</li> <li>The licensee issued a Letter of Demand dated 18 May 2013 to the Ord Expansion Project, the organisation responsible for the construction of the Stage 2 development. The letter related to water flooding causing impact to the licensee's customers as a result of what the licensee considered poor water management and dispersal by the projects contractors.</li> <li>In addition, the licensee has ongoing correspondence with the Shire of Wyndham-East Kimberley related to uncompleted works associated with the D2 drain. The Shire agreed with the OIAMC (the asset owner) to take on upgrade works associated with the D2 drain in order to prevent a number of local houses being flooded during the wet season. However, the Shire has not completed this work as it does not have sufficient funds to complete the upgrades.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Correspondence with Ord Expansion Project</li> <li>Correspondence with Shire of Wyndham-East Kimberley</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				This issue has been going on for over seven years. <ul style="list-style-type: none"> <li>Based on our observations at audit, we consider that the licensee has, to the extent practicable, consulted with persons undertaking construction work impacting on the licensee's water service works.</li> </ul>		
<b>Disconnection or reduction in rate of flow etc.</b> The licensee cannot cut off the supply of water to an occupied dwelling unless the occupier agrees to that.	21	Section 95(3)	2	<ul style="list-style-type: none"> <li>The licensee does not provide water supply services to dwellings. Therefore, this obligation is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NA
<b>Fire hydrants</b> If the licensee provides water supply reticulation works, or enters into an agreement for the provision of water supply reticulation works, the licensee must install fire hydrants attached to those works in accordance with the requirements of FESA, or the relevant local government as to the location and type of hydrant.	22	Section 96(1)	4	<ul style="list-style-type: none"> <li>FESA are permitted to pump out of the irrigation channels if required, however the licensee does not provide water supply reticulation works to fire hydrants. Therefore, this obligation is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NA
<b>Fire hydrants</b> The licensee must comply with requests made under sections 96(3) and 96(4) of the Act to the extent practicable and within a reasonable time.	23	Section 96(5)	5	<ul style="list-style-type: none"> <li>As above.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NA
<b>Compliance Notices</b> The licensee must include the information specified in a compliance notice given in relation to the matters set out in section 119(1).	28	Section 119(2)	4	<ul style="list-style-type: none"> <li>As noted above, the licensee has issued a couple of compliance notices under the Act during the audit period related to construction in the vicinity of water service works.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Letter of Demand dated 18 May 2013 to the Ord Expansion Project</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				<ul style="list-style-type: none"> <li>The licensee issued a Letter of Demand dated 18 May 2013 to the Ord Expansion Project, the organisation responsible for the construction of the Stage 2 development. The letter related to water flooding causing impact to the licensee's customers as a result of what the licensee considered poor water management and dispersal by the projects contractors.</li> <li>The issues associated with this notice relate to Clause 88(1)(g) of the Water Services Act 2012.</li> <li>We reviewed the Letter of Demand dated 18 May 2013 to the Ord Expansion Project and confirmed that it includes that the information provided by the licensee complies with the requirements for compliance notices included under section 106 of the Act.</li> <li>The ongoing issues with the Shire in relation to the upgrades they agreed to take on may not be covered under the matters set out in section 119(1) and so has not been included in the rating assessment.</li> </ul>		
<b>Review of decision relating to giving compliance notices</b> If a person makes an application to the State Administrative Tribunal under section 122(1), the licensee cannot take, or continue to take, action against the person except in the circumstances specified.	29	Section 122(2)	4	<ul style="list-style-type: none"> <li>The licensee has not issued any compliance notices under the Act that resulted in an application to the Tribunal. Therefore, this obligation is not rateable for the audit period.</li> <li>We note that the licensee is in the process of applying to the Tribunal related to the Department of Water's move to reduce the allocation that the licensee receives. The licensee currently receives an allocation of 335 GL of water each year but the DoW is looking to cut this to 225 GL based on a 'use it or lose it' approach. The 335 GL allocation was used when sugar cane was</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				a more popular crop for the irrigation area's farmers but this has reduced in recent years meaning less water is currently used. However, the allocation is divided between the licensee's member shareholders and would also reduce the flexibility of the farmers in relation to the crops that they grow.		
<b>Supplying groups of dwellings</b>						
If the licensee provides a water supply, sewerage or drainage service to 2 or more dwellings on land by a single property connection, the licensee may apportion fees. The licensee cannot apportion fees to the extent inconsistent with any agreement related to such a provision of services, or section 66 of the Strata Titles Act 1985.	30	Section 125(2)	4	<ul style="list-style-type: none"> <li>The licensee does not supply dwelling and does not apportion any of its fees. Therefore, this obligation is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NA
<b>Prohibition on dealings in land</b>						
If the licensee has previously lodged a memorial with the Registrar, the licensee must lodge a withdrawal of memorial with Registrar along with the prescribed fee (if any) if the charge or contribution has been paid.	31	Section 128(4)	4	<ul style="list-style-type: none"> <li>The licensee advised that it has not lodged any memorials with the Registrar during the audit period. Therefore this obligation is not able to be rated.</li> <li>The licensee noted at the audit that it has wanted to lodge a memorial but is unable to. The irrigation system assets have been designed to flood in events greater than 1 in 5. The licensee wants to provide notification of the land titles to say that the land floods but is unable to do this without the landowner's permission.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<b>Reading meters etc. and routine inspection and maintenance</b>						
If a routine inspection or maintenance is likely to cause disruption to the occupants of a place at least 48 hours' notice of a proposed entry must be given to the	32	Section 129(5)	4	<ul style="list-style-type: none"> <li>All of the irrigation assets are located on OIAMC easements. These easements extend from the middle of the channels for specific chainages around the operating area.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR



Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
occupier of the place unless the occupier agrees otherwise.				<ul style="list-style-type: none"> <li>All the licensee's meter reading activities are carried out within the OIAMC easements.</li> <li>Any assets downstream of a gate is owned by the customer. A similar boundary exists for the drainage assets.</li> <li>The licensee has rights under the Water Agencies (Powers) Act 1984 to inspect land or infrastructure that may require the licensee to access a customer's property.</li> <li>However, the licensee considers that it has not had to provide 48 hours' notice entry for routine inspection and maintenance during the audit period. Any entry or access times would be expected to be agreed with the occupier if required.</li> </ul>		
<b>Ancillary works powers</b> If the licensee removes or erects a fence or gate when exercising a works power conferred by the Act, the licensee must take all reasonable steps to notify the owner before doing so.	33	Section 139(3)	4	<ul style="list-style-type: none"> <li>The licensee is aware of its obligation to provide affected parties notice if it removes or erects a fence or gate.</li> <li>However, as the OIAMC irrigation assets are located on OIAMC owned easements, this obligation generally does not apply to the licensee and has not been carried out during the audit period.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<b>Special provisions applicable to road works</b> In certain instances, if a person authorised by the licensee carries out road work that involves breaking the surface of the road or that would cause major obstruction to road traffic, the licensee must give at least 48 hours' notice to the public authority managing the road.	34	Section 141(1)	4	<ul style="list-style-type: none"> <li>During the audit period the licensee has not undertaken works in the State controlled main roads.</li> <li>The assets operated by the licensee do not require road work to be undertaken by the licensee and so this obligation is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NA
<b>Prerequisites to provision of major works</b>	35	Sections 142	4	<ul style="list-style-type: none"> <li>The licensee' has not planned for or constructed any major works (as defined</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
The licensee must comply with sections 143 and 144 of the Act in relation to the proposed major works, and has given any notice required under section 148.				<ul style="list-style-type: none"> <li>by Section 133 of the Act) during the audit period.</li> <li>Although the Stage 2 development of the irrigation district has been carried out with the audit period, this has not been carried out by the licensee.</li> <li>Therefore, this obligation is not able to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Review of Asset Management Plan</li> </ul>	
<p><b>Licensee to prepare plans and publish and give notice of major works</b></p> <p>Before the licensee submits a proposal for the provision of major works to the Minister, the licensee must prepare, publish and make available plans and details of those major works as specified.</p>	36	Sections 143 (2)	4	<ul style="list-style-type: none"> <li>The licensee' has not planned for or constructed any major works (as defined by Section 133 of the Act) during the audit period. Therefore, this obligation is not able to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<p><b>Licensee to prepare plans and publish and give notice of major works</b></p> <p>The licensee must, within 5 days of publishing the plans and details on the licensee's website, give notice setting out the matters prescribed in section 143(4) to the persons and agencies specified.</p>	37	Sections 143 (3)	4	<ul style="list-style-type: none"> <li>The licensee has not planned for or constructed any major works (as defined by Section 133 of the Act) during the audit period. Therefore, this obligation is not able to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<p><b>Objections and submissions</b></p> <p>The licensee must have regard to an objection or submission lodged within the relevant period.</p>	38	Sections 144(3)	4	<ul style="list-style-type: none"> <li>The licensee has not planned for or constructed any major works (as defined by Section 133 of the Act) during the audit period. Therefore, this obligation is not able to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<p><b>Licensee may amend proposal</b></p> <p>If the licensee makes alterations to the plans or details referred to in section 143(2), the licensee must give written notice of the alterations</p>	39	Section 145(2)	4	<ul style="list-style-type: none"> <li>The licensee has not planned for or constructed any major works (as defined by Section 133 of the Act) during the audit period. Therefore, this obligation is not able to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
to any person who is likely to be adversely affected by those alterations.						
<b>Powers of Minister in respect of proposal</b> The licensee must comply with a direction given by a Minister in respect of a proposal to provide water service works that are major works under section 143(3).	40	Section 147(3)	4	<ul style="list-style-type: none"> <li>The licensee has not planned for or constructed any major works (as defined by Section 133 of the Act) during the audit period. Therefore, this obligation is not able to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<b>Powers of Minister in respect of proposal</b> If the Minister gives a direction that further notices in relation to the proposed major works be given under section 143(3), the licensee must resubmit the proposal.	41	Section 147(4)	4	<ul style="list-style-type: none"> <li>The licensee' has not planned for or constructed any major works (as defined by Section 133 of the Act) during the audit period. Therefore, this obligation is not able to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<b>Licensee to prepare plans and give notice of general works</b> A licensee proposing to provide water service works that are general works must prepare plans and details of the proposed works and publish and make them available for inspection.	42	Section 151(1)	4	<ul style="list-style-type: none"> <li>The licensee has not planned for or constructed any general works (as defined by Section 134 of the Act) during the audit period. No new channels or drains have been planned or constructed in the Ivanhoe Plains or Packsaddle Plains irrigation areas. Therefore, this obligation is not able to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<b>Licensee to prepare plans and give notice of general works</b> The licensee must give a notice setting out the matters referred to in section 151(3) to the persons and agencies specified.	43	Section 151(2)	4	<ul style="list-style-type: none"> <li>The licensee has not planned for or constructed any general works (as defined by Section 134 of the Act) during the audit period. Therefore, this obligation is not able to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of Asset Management Plan</li> </ul>	NR
<b>Objections and submissions</b> The licensee must have regard to an objection or submission lodged by	44	Section 152(3)	4	<ul style="list-style-type: none"> <li>The licensee has not planned for or constructed any general works (as defined by Section 134 of the Act) during the audit</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
the date specified in the notice given under section 151(2).				period. Therefore, this obligation is not able to be rated.		
<b>Licensee may amend proposal</b> If the licensee makes alteration to those plans or details referred to in section 151, the licensee must give written notice of the alterations to any person who is likely to be adversely affected by those alterations.	45	Section 153(3)	4	<ul style="list-style-type: none"> <li>The licensee has not planned for or constructed any general works (as defined by Section 134 of the Act) during the audit period. Therefore, this obligation is not able to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<b>Taking of interest in land for purposes of licensee</b> On being advised by the Minister that an interest in land is appropriate to the licensee's needs, the licensee is required to acquire the interest.	46	Section 166(5)	4	<ul style="list-style-type: none"> <li>The licensee has not been required to take an interest in land under the Act. Therefore, this clause is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
Any costs incurred in taking an interest in land are to be paid by the licensee.	47	Section 166(6)	4	<ul style="list-style-type: none"> <li>The licensee has not been required to take an interest in land under the Act. Therefore, this clause is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<b>Sale of land</b> The licensee must not sell an interest in land if the purchaser would hold a parcel of land that did not comply with the minimum lot size and zoning requirements under the Planning and Development Act 2005, unless the Minister permits the licensee to do so.	48	Section 170	4	<ul style="list-style-type: none"> <li>The licensee has not been required to take an interest in land under the Act. Therefore, this clause is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<b>Entry with consent or under notice or warrant</b> In relation to entry to a place for the purposes of doing works, in the circumstances specified the licensee	49	Section 173(4)	4	<ul style="list-style-type: none"> <li>The licensee's policy for Powers of Entry is set out in Section 8.3 of the Policies and Procedures Manual in the AMS.</li> <li>Section 3.6 of the licensee's Customer Service Charter sets out the licensee's</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Customer Service Charter, August 2013</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
is required to give 48 hours' notice of proposed entry to a place to the occupier or owner, as applicable, unless the occupier or owner agrees otherwise.				<p>powers in relation to entry of property. This notes that "because of the nature of irrigation operations and the frequent need to enter Customers' properties, we are not always able to advise entry onto your land for routine maintenance and operational matters".</p> <ul style="list-style-type: none"> <li>▪ The licensee's processes for Notices for Planned (Non-Emergency) Works are set out in Section 6.2 of the Customer Service Charter. Section 6.3 covers Notices for Emergency Works. The licensee aims to provide 14 days' written notice for planned works and 24 hours for emergency works. However, Section 6.3 notes that "We may not always be in a position to notify you before emergency works commence".</li> <li>▪ All of the irrigation assets are located on OIAMC easements. These easements extend from the middle of the channels for specific chainages around the operating area.</li> <li>▪ All the licensee's meter reading activities are carried out within the OIAMC easements.</li> <li>▪ Any assets downstream of a gate is owned by the customer. A similar boundary exists for the drainage assets.</li> <li>▪ The licensee has rights under the Water Agencies (Powers) Act 1984 to inspect land or infrastructure that may require the licensee to access a customer's property.</li> <li>▪ The licensee only has 63 customers and staff are familiar with the customers and vice versa.</li> <li>▪ We confirmed that the licensee has complied with the obligation when it has</li> </ul>	<ul style="list-style-type: none"> <li>▪ Policies and Procedures Manual</li> <li>▪ Sample of planned notices of work</li> </ul>	

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				needed to provide notice of entry in advance for planned works.		
<p><b>Notice of entry</b></p> <p>Notice of a proposed entry by the licensee must be in writing and must set out the purpose of the entry, including (if applicable) any work proposed to be carried out.</p>	50	Section 174(1)	4	<ul style="list-style-type: none"> <li>Refer to previous obligation observations.</li> <li>The Customer Service Charter notes that "We provide you with notice of entry in advance when we need to enter your land for planned construction or rehabilitation of irrigation facilities". The Charter also notes that "We will usually provide a service disruption notice in writing by fax, but may also provide it directly (by telephone or in person) to the on-farm waterman or farm manager".</li> <li>We confirmed that the licensee has complied with the obligation when it has needed to provide notice of entry in advance.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Customer Service Charter, August 2013</li> <li>Policies and Procedures Manual</li> <li>Rules of Ord Irrigation Cooperative</li> <li>Sample of planned notices of work</li> </ul>	1
<p>Even if in a particular instance the licensee may enter a place under the Act without having to give notice of proposed entry, the licensee must when practicable, and when it will not compromise the reason for entry, give notice of entry to the occupier.</p>	51	Section 174(3)	4	<ul style="list-style-type: none"> <li>Under Section 171(1) (c) (e) (f) of the Act, some of the licensee's staff have the authority to enter a property. In addition, the licensee has rights under the Water Agencies (Powers) Act 1984 to inspect land or infrastructure that may require the licensee to access a customer's property.</li> <li>The licensee may need to enter a customer's property to access the drains as there are not easements in place and under the OIAMC ownership to access all of the drainage channels. As a result, the licensee may access these assets through the farmer's property or via Crown land.</li> <li>However, there are fire breaks in the Packsaddle Plains area which allow the licensee to access the irrigation assets through vacant crown land</li> <li>We confirmed that the licensee has complied with the obligation when it has needed to provide notice of entry in</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Customer Service Charter, August 2013</li> <li>Policies and Procedures Manual</li> <li>Rules of Ord Irrigation Cooperative</li> <li>Sample of planned notices of work</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				advance. However, under the licensee's powers of entry, customers are that aware and agree under contract and through membership of the cooperative, the licensee may need to enter their property without providing notice of entry.		
<b>Rights of occupier of dwelling</b> If an occupier is present when the licensee proposes to enter a dwelling, the licensee must perform the prescribed actions before entering the premises.	52	Section 175(2)	4	<ul style="list-style-type: none"> <li>Although the licensee may need to access customer's property from time-to-time to access the irrigation system assets, it does not need to enter customer dwellings, based on the Water Services Act 2012's definition of a 'dwelling'. Therefore, this obligation is not applicable to the licensee.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NA
If the licensee enters a dwelling that is unoccupied, the licensee must leave a notice or a copy of the warrant (as applicable) in a prominent position in the dwelling before leaving the dwelling.	53	Section 175(5)	4	<ul style="list-style-type: none"> <li>Although the licensee may need to access customer's property from time-to-time to access the irrigation system assets, it does not need to enter customer dwellings, based on the Water Services Act 2012's definition of a 'dwelling'. Therefore, this obligation is not applicable to the licensee.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NA
<b>When authorised person must leave etc.</b> If the licensee has entered a place with or without consent, the licensee must leave the premises as soon as practicable after being notified that the owner or occupier has refused or withdrawn their consent.	54	Section 176(1)	4	<ul style="list-style-type: none"> <li>The licensee's staff are required to comply with the Standards of Conduct policy included in the Section 4.3 of the Policy and Procedures Manual in relation to communicating and dealing with members of the public.</li> <li>In addition, further information related to staff conduct when entering a customer's property are outlined in the Powers of Entry section of the Policy and Procedures Manual (Section 8.3).</li> <li>However, no incidents could be recalled from the audit period where the owner or occupier has refused or withdrawn their consent and the licensee's staff have been required to leave the premises as</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Policies and Procedures Manual</li> </ul>	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				soon as practicable after being notified. Therefore, this obligation is not able to be rated.		
The licensee must produce their certificate of authority if asked to do so, and must not perform, or continue to perform, a function under the Act until they are not able to do so.	55	Section 176(3)	4	<ul style="list-style-type: none"> <li>▪ The licensee's staff are required to comply with the Standards of Conduct policy included in the Section 4.3 of the Policy and Procedures Manual in relation to communicating and dealing with members of the public.</li> <li>▪ In addition, further information related to staff conduct when entering a customer's property are outlined in the Powers of Entry section of the Policy and Procedures Manual (Section 8.3).</li> <li>▪ The licensee's requirements are in accordance with the Act and staff are required to produce their certificate of authority if asked to do so.</li> <li>▪ However, the licensee does not recall any occasions where staff were required to produce their certificate of authority and no evidence of occasions when this has happened are recorded. The licensee only serves a very small number of customers and they know the licensee's staff. Therefore, this obligation has been rated as Not Rated.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Interviews with licensee staff</li> <li>▪ Policies and Procedures Manual</li> </ul>	NR
If the licensee enters or proposes to enter a place, and the owner or occupier requests the licensee produce evidence of authority for that entry, then the licensee must leave the place if they are unable to do so unless the owner or occupier agrees otherwise.	56	Section 176(4)	4	<ul style="list-style-type: none"> <li>▪ Refer to the observations for Obligation 55.</li> <li>▪ There have been no known cases during the audit period where staff have been requested to produce evidence of authority for that entry by the owner or occupier and not been able to provide the evidence. Therefore, this obligation is not able to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Interviews with licensee staff</li> <li>▪ Policies and Procedures Manual</li> </ul>	NR



Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
<b>Actions of authorised persons and others</b> The licensee, or a person assisting the licensee, must, as far as is practicable comply with any reasonable request from the owner or occupier intended to limit interference with the lawful activities of the owner or occupier.	57	Section 181	5	<ul style="list-style-type: none"> <li>Refer to the observations for Obligation 55.</li> <li>There have been no known cases during the audit period where staff have had to comply with any reasonable request from the owner or occupier intended to limit interference with the lawful activities of the owner or occupier. Therefore, this obligation is not able to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Policies and Procedures Manual</li> </ul>	NR
<b>Contents of application</b> If the licensee applies for a warrant, the application must contain the prescribed information.	58	Section 186	4	<ul style="list-style-type: none"> <li>The licensee advises that it has not applied for a warrant within the audit period. Therefore this obligation is not able to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<b>How application to be made</b> If the licensee applies for a warrant to enter, the application must be made in accordance with the procedures specified depending on the location of the applicant and the justice.	59	Section 187(1) – (3)	4	<ul style="list-style-type: none"> <li>The licensee advises that it has not applied for a warrant within the audit period. Therefore this obligation is not able to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<b>Execution of warrant</b> Unless required to give a copy of the warrant, the licensee executing the warrant must produce the warrant for inspection by the occupier of the place concerned on entry (if practicable), and if requested to do so.	60	Section 190(4)	4	<ul style="list-style-type: none"> <li>The licensee advises that it has not applied for a warrant within the audit period. Therefore this obligation is not able to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
On completing the execution of a warrant the licensee must record the prescribed information on that warrant.	61	Section 190(5)	4	<ul style="list-style-type: none"> <li>The licensee advises that it has not applied for a warrant within the audit period. Therefore this obligation is not able to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<b>Designation of inspectors and compliance officers</b>	62	Section 210(5)	4	<ul style="list-style-type: none"> <li>The licensee has not designated any person as an inspector or compliance</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
<p>If the licensee designates a person as an inspector or compliance officer, the licensee must give that person a certificate of authority that includes certain prescribed information.</p>				<p>officer. Therefore, this obligation cannot be rated.</p>		
<p><b>Liability of certain persons for damage caused in exercise of powers</b></p> <p>In the exercise or purported exercise of a power under the Act, the licensee must ensure that, to the extent practicable, the free use of any place is not obstructed, and that as little damage, harm or inconvenience is caused as is possible.</p>	63	Section 218(2)	5	<ul style="list-style-type: none"> <li>The licensee has not exercised a works power of entry under this act during the audit period. Therefore this obligation is not able to be rated.</li> <li>The licensee has a strong customer focus and strong connection with its customers which provides assurance that it would comply with this obligation if tested. The licensee only has 63 customers and staff are familiar with the customers and vice versa.</li> <li>No complaints regarding the licensee's actions to deliver the irrigation or non-potable water services have been received during the audit period.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<p>If the licensee does any physical damage in the exercise of a works power or a power of entry, the licensee must ensure that the damage is made good, and pay compensation to the extent that it is not practicable to make good the damage.</p>	64	Section 218(3)	4	<ul style="list-style-type: none"> <li>The licensee has not exercised a works power of power of entry under this act during the audit period. Therefore this obligation is not able to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<b>Water Services Regulations 2013</b>						
<p><b>Altering position of service infrastructure in roads</b></p> <p>If the licensee proposes to exercise a works power in a road and considers that it is necessary to alter the position of infrastructure, the licensee must notify the person who</p>	74	Regulation 60(2)	4	<ul style="list-style-type: none"> <li>The licensee has not exercised a works power in a road during the audit period. This obligation is not relevant to a water service provider providing irrigation services. Therefore, this obligation is considered to not be applicable to the licensee.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NA

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
is responsible for the infrastructure and may request that the person make the alterations within the time specified in the notice.						
<b>Roads broken up to be reinstated</b> If the licensee opens or breaks up the surface of a road, the licensee must complete the relevant work and reinstate and make good the road, and must take all reasonable measures to prevent that part of the road from being hazardous.	75	Regulation 63	4	<ul style="list-style-type: none"> <li>The licensee does not need to open or break up the surface of a road in its operations to provide its irrigation and non-potable water services. Therefore, this obligation is considered to not be applicable to the licensee.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<b>Compliance Notices</b> Compliance notices issued by the licensee must include a brief description of the possible consequences under the Act of not complying with the notice, and the rights of review under the Act in relation to the notice and who may apply for review.	89	Regulation 85	4	<ul style="list-style-type: none"> <li>The licensee has issued a couple of compliance notices under the Act during the audit period related to construction in the vicinity of water service works.</li> <li>The licensee issued a Letter of Demand dated 18 May 2013 to the Ord Expansion Project, the organisation responsible for the construction of the Stage 2 development. The letter related to water flooding causing impact to the licensee's customers as a result of what the licensee considered poor water management and dispersal by the projects contractors.</li> <li>In addition, the licensee has ongoing correspondence with the Shire of Wyndham-East Kimberley related to uncompleted works associated with the D2 drain. The Shire agreed with the OIAMC (the asset owner) to take on upgrade works associated with the D2 drain in order to prevent a number of local houses being flooded during the wet season. However, the Shire has not completed this work as it does not have sufficient funds to complete the upgrades.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Correspondence with Ord Expansion Project</li> <li>Correspondence with Shire of Wyndham-East Kimberley</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				This issue has been going on for over seven years. <ul style="list-style-type: none"> <li>Based on our observations at audit, we consider that the licensee complies with the requirements associated with this obligation when issuing notices.</li> </ul>		
<b>Water Services Code of Conduct (Customer Service Standards) 2013</b>						
<i>Note: The Code of Conduct (Customer Service Standards) 2013 obligations do not apply to cooperative members, although the Cooperative is free to provide the services to its members in line with the Code.</i>						
<b>Information about connections</b> The licensee must have written information for customers about the specified matters.	92	Clause 7	4	<ul style="list-style-type: none"> <li>Information about connections is included in Section 2 of the Customer Service Charter. This includes information related to connections for members and connections for non-members. The information in this section meets the requirements under Clause 7(d) and 7(e) of the Code.</li> <li>Although there is no specific reference to Section 73 of the Act, the general entitlements are contained within Section 1.2 of the Charter (Ord Irrigation Co-operative Limited and Ord Irrigation Asset Mutual Co-operative Limited). This section provides an overview of how the cooperative works and defines the differences between members and non-members.</li> <li>Although there is no specific reference to Section 21 of the Act, the licensee conveys its duty to provide services as per Section 21 of the Act in Section 1.1 of the Customer Service Charter (Our Water Services Operating Licence).</li> <li>Although there is no specific reference to the regulations relating to Section 21(2)(c) or 21(3)(c), this information is outlined in Section 3.4 of the Customer Service</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Customer Service Charter, August 2013</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				<p>Charter (Limitation or Discontinuation of Services).</p> <ul style="list-style-type: none"> <li>The licensee does not provide information related to a period in which connections are required to be completed. The Customer Service Charter notes that “Your connection will be installed within a reasonable time frame. Given the nature of the business and the larger scale infrastructure that would need to be constructed to connect new customers, we do not consider that providing a specific timeframe is an appropriate requirement for a licensee providing an irrigation service. Therefore, we consider that the licensee has met the requirement under Clause 7(2)(g) of the Code.</li> </ul>		
<p><b>Minimum performance standards for standard water supply connections</b></p> <p>The licensee must ensure that, in any 12 month period, 90% of connections are completed before the end of 10 business days, starting on the day on which the customer has paid the relevant fees and complied with the relevant requirements.</p>	93	Clause 8	4	<ul style="list-style-type: none"> <li>The licensee does not provide water supply services. Therefore, this obligation is not applicable.</li> <li>There have not been any new connections to the license’s services during the audit period.</li> <li>As significant infrastructure is required for a new customer to connect to the licensee’s services, this is not appropriate to be completed within 10 business days.</li> <li>The licensee does not install works for new connections. The installation of infrastructure and meters is the responsibility of the developer and they are then required to handover the ownership of the new assets to the OIAMC at no cost to either of the two cooperatives. The OIAMC reserves the rights for developers to construct new infrastructure if they have to.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NA

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
<b>Bills other than for quantities supplied, discharged</b> The licensee must issue a bill for non-quantity charges to each customer at least once in every 12 month period.	94	Clause 9	4	<ul style="list-style-type: none"> <li>The licensee charges customers a fixed fee on a per annum basis but spread out evenly over 12 months. This non-quantity charge is included on the licensee's monthly bills. The charge is calculated on a land title hectare basis.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of example monthly invoices</li> <li>Customer Service Charter, August 2013</li> </ul>	1
<b>Bills for quantities supplied, discharged</b> The licensee must issue a bill for usage to each customer at least once in every 6 month period.	95	Clauses 10(2)	4	<ul style="list-style-type: none"> <li>The licensee issues bills to customers each month.</li> <li>Invoice protocols the basis of charges are included in the Customer Service Charter.</li> <li>Tariff information for the next season is included as an agenda item at the AGM.</li> <li>Customers use the licensee's Demand Management System (DMS) work ordering software to make water orders. The software is based on an Oracle database. The system can be accessed online using the customer's specific user name and password or made using the licensee's Interactive Voice Response (IVR) telephone system. The IVR also uses customer's pin numbers and passwords to make the order.</li> <li>The DMS uses SCADA Connect as an overarching database in order to obtain the meter readings. The SCADA has a graphical user interface to the majority of gates and the meter read data can be remotely viewed and accessed. Meter read data from the Water Distribution Officer's manual meter read records is manually input in the DMS.</li> <li>The licensee uses the SCADA system to manage peak demand orders and bottlenecks in the irrigation system.</li> <li>Meter reads are taken from the dethridge wheels, sparring meters and ATS 4747</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of example monthly invoices</li> <li>Customer Service Charter, August 2013</li> <li>AGM Agenda and Minutes</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				compliant electromagnetic meters each time a water delivery order is started and stopped and also at the end of each month.		
				<ul style="list-style-type: none"> <li>The billed volume is based on the end of month reading but the water statement includes the breakdown of each water delivery order made in the month to allow the customer to compare the volume of water ordered against the volume of water delivered.</li> <li>Under the rules of the cooperative, the shareholder members receive an annual allocation of 17 ML/ha of land title area and the licensee charges at \$6/ML. Non-members are allocated 12 ML/ha.</li> </ul>		
The licensee must ensure a bill for usage is based on a meter reading to ascertain the quantity supplied or discharged.	96	Clauses 10(3)	4	<ul style="list-style-type: none"> <li>The majority of the licensee's customers are billed based on meter readings for the water volume supplied.</li> <li>The cooperative has a small number of non-member customers who have a different agreement with the licensee.</li> <li>Non-members are not required to have meters as part of their conditions of connection. They have the option to install meter infrastructure but this is undertaken at the customer's own cost</li> <li>Non-members are regarded as opportunistic customers and must have storage on their properties for not less than seven days. Member customers do not have this water storage requirement as they generally do not have sufficient available land to meet the requirement.</li> <li>If a non-member does not have any installed meter infrastructure, the licensee provides a monthly estimate of the</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of example monthly invoices</li> <li>Customer Service Charter, August 2013</li> <li>DMS Water Ordering System</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				customer's water usage in the monthly invoice.		
If an accurate meter reading is not possible, a bill for usage must be based on an estimation (in accordance with the prescribed regulations) of the quantity of water supplied or waste water discharged.	97	Clause10(4)	4	<ul style="list-style-type: none"> <li>Refer to the observations made for Obligation 96.</li> <li>The Customer Service Charter informs customers that "Where a meter is recording incorrectly, we will estimate water consumption based on watering duration, amount ordered and supply point capacity for the period the meter is considered to be faulty. We will impose an additional charge or reimburse you based on our estimate".</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of example monthly invoices</li> <li>Customer Service Charter, August 2013</li> <li>DMS Water Ordering System</li> </ul>	1
If an accurate meter reading is not possible and there are no applicable regulations, a bill for usage must be based on a reasonable estimate of supply or discharge using one of the prescribed methods.	98	Clause 10(5)	4	<ul style="list-style-type: none"> <li>Refer to the observations made for Obligation 97.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of example monthly invoices</li> <li>Customer Service Charter, August 2013</li> <li>DMS Water Ordering System</li> </ul>	1
<b>Sending bills</b> The licensee must send a bill to the address of the place where the water service is provided or, if the customer nominates another address, to the nominated address.	99	Clause 11	4	<ul style="list-style-type: none"> <li>The licensee sends bills to the address nominated by the customer. This does not need to be the location at which the water service is provided.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of example monthly invoices</li> <li>Customer Service Charter, August 2013</li> <li>DMS Water Ordering System</li> </ul>	1
<b>Estimates: licensees' obligations</b> If a bill is based on an estimate, the licensee must tell the customer on request the basis of the estimate and the reason for the estimate.	103	Clause 13(1)	4	<ul style="list-style-type: none"> <li>If the bill is based on an estimate, member customers are informed on the monthly invoice. As noted before, the invoice includes the breakdown for each order made and delivered during the month.</li> <li>Section 3.9 of the Customer Service Charter informs customers "Where a</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Sample of monthly customer invoices</li> <li>Customer Service Charter, August 2013</li> </ul>	1



Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				meter is recording incorrectly, we will estimate water consumption based on watering duration, amount ordered and supply point capacity for the period the meter is considered to be faulty. We will impose an additional charge or reimburse you based on our estimate".		
				<ul style="list-style-type: none"> <li>▪ We confirmed that the licensee informs the customer if their invoice includes an estimate.</li> <li>▪ Non-member customers, who are defined as opportunistic customers, are invoiced on an estimate basis. Section 1.2 of the licensee's Customer Service Charter informs that "Each Non-Member Customer is charged estimated water usage, which is calculated on the basis of 12 megalitres of water per hectare of Rated Land held by the Non-Member Customer.</li> </ul>		
The licensee must make any adjustments to the next bill to take into account the extent to which the estimate was not reasonable having regard to a subsequent and accurate meter reading.	104	Clause 13(2)	4	<ul style="list-style-type: none"> <li>▪ Section 3.9 of the Customer Service Charter provides information on the licensee's protocols for dealing with Faults with Meters and Supply Points.</li> <li>▪ The Charter notes "We will impose an additional charge or reimburse you based on our estimate".</li> <li>▪ The Charter also informs customers that "We will endeavour to repair or replace any meter found to be faulty before commencement of the next watering period".</li> <li>▪ We confirmed from a sample of monthly invoices that adjustments are made the next month's invoice when the licensee has used an estimate to bill its member customers.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Interviews with licensee staff</li> <li>▪ Sample of monthly customer invoices</li> <li>▪ Customer Service Charter, August 2013</li> <li>▪ DMS Water Ordering System</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
<b>Requested meter readings, revised bills: licensee's obligations</b> The licensee must provide to the customer on request a meter reading and a bill in the prescribed circumstances.	105	Clause 14(1)	4	<ul style="list-style-type: none"> <li>As noted above, the water statement issued to the metered member customers includes the meter read volume breakdown for each order made and delivered during the month to allow member customers to compare the volume of water delivered against the volume that was ordered.</li> <li>Customers are also able to download their water statements from their account dashboard within the DMS. The statement refers to each turn out on their property and contains all of the meter readings since the start of the current year</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Sample of monthly customer invoices</li> <li>Customer Service Charter, August 2013</li> <li>DMS Water Ordering System</li> </ul>	1
<b>Leaks</b> The licensee must have a publicly available written policy, standard or set of guidelines in relation to granting a discount to a customer whose meter reading indicates a water usage that is higher than normal for the customer but is likely to have been wasted because of a leak.	106	Clause 15	4	<ul style="list-style-type: none"> <li>The licensee does not have a policy related to water lost through leakage. The irrigation channels that form the supply system leak but no consumption is charged to the customer if a dethridge wheel or other supply structure leaks. We consider that this obligation is not applicable given the type of system operated by the licensee.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NA
<b>Undercharging in bills</b> The licensee cannot recover an undercharged amount from a customer unless it is for water services provided in the 12 month period ending on the day on which the licensee informed the customer of the undercharging.	107	Clause 16(2)	4	<ul style="list-style-type: none"> <li>Section 5.2 of the Customer Service Charter notes that "Under- and over-payments of accounts will be adjusted on the following month's invoice".</li> <li>The meter data maintained in the licensee's DMS software resets to zero after the end of each year. The licensee operates using a 12 month season from 1 January to 31 December each year.</li> <li>An annual report is created after 12 months with the total water amount that each customer has ordered and been billed for.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Sample of monthly customer invoices</li> <li>Customer Service Charter, August 2013</li> <li>DMS Water Ordering System</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				<ul style="list-style-type: none"> <li>Therefore, the licensee's DMS software ensures that the licensee cannot recover an undercharge amount from a customer outside of a 12 month period.</li> </ul>		
An undercharged amount must be the subject of, and explained in, a special bill or a separate item in the next bill. The licensee cannot charge interest or late payment fees on an undercharged amount. The licensee must allow a customer to pay an undercharged amount by way of a repayment plan as specified in the code of conduct.	108	Clause 16(3)	4	<ul style="list-style-type: none"> <li>If a customer has been undercharged in an invoice, the next month's invoice includes a separate line item to account for the undercharge. Any undercharged amount would be expected to be the result of a Water Distribution Officer error when recording the meter reading information. The dethridge wheel reading are taken manually and it is possible that a reading error or typographical mistake may occur.</li> <li>The licensee's DMS water ordering software is able to report on customers that have been undercharged and overcharged in each year. We confirmed from the relevant customer invoices, that a total of 12 customers were undercharged during the audit period.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Sample of monthly customer invoices</li> <li>Customer Service Charter, August 2013</li> <li>DMS Water Ordering System</li> </ul>	1
The licensee must not charge interest or late payment fees on an undercharged amount.	109	Clause 16(4)	4	<ul style="list-style-type: none"> <li>Although customer can be charged late fees if they do not pay their invoice on time, the licensee does not charge late payments for any undercharged amounts that are included in a following invoice.</li> <li>Section 5.2 of the Customer Service Charter covers Billing and Payments. Clause (d) informs customers that "The OIC Board has made a Debtors Policy that governs non-payment of accounts and reflects our Rules. Payments more than 30 days overdue may be charged interest and a late payment fee will apply".</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Sample of monthly customer invoices</li> <li>Customer Service Charter, August 2013</li> </ul>	NR
The licensee must allow a customer to pay an undercharged amount by way of a repayment plan that has effect for the duration of shorter of	110	Clause 16(5)	4	<ul style="list-style-type: none"> <li>As noted previously, the licensee invoices its customers monthly and any undercharged amounts are included in the following month's invoice.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
the prescribed periods starting on the day that the bill in clause 16(3) is issued.					<ul style="list-style-type: none"> <li>Sample of monthly customer invoices</li> <li>Customer Service Charter, August 2013</li> </ul>	
<p><b>Overcharging in bills</b></p> <p>If the licensee overcharges a customer, the licensee must credit the customer's account and must immediately afterwards notify the customer, or inform the customer of the overcharging and recommended options for refunding or crediting the overcharged amount.</p>	111	Clause 17(1)	4	<ul style="list-style-type: none"> <li>If the licensee overcharges a customer, the customer's account is credited and a statement is sent to the farmer.</li> <li>As the licensee bills its customers on a monthly basis, similar to undercharging, any meter reading overcharge would be included in the next month's invoice.</li> <li>The licensee consider that Water Distribution Officer errors are rare The meter data is input into the DMS by one of the Admin Officers which allows a separate check of the data entering the billing system.</li> <li>The licensee's DMS water ordering software is able to report on customers that have been undercharged and overcharged in each year. We confirmed from the relevant customer invoices, that a total of 3 customers were overcharged during the audit period.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Sample of monthly customer invoices</li> <li>Customer Service Charter, August 2013</li> <li>DMS Water Ordering System</li> </ul>	1
The licensee must, in accordance with the customer's instructions, refund or credit the customer's account within 15 business days from starting on the day the licensee receives the instructions.	112	Clause 17(2)	4	<ul style="list-style-type: none"> <li>If the licensee overcharges a customer, the customer's account is credited and a statement is sent to the farmer.</li> <li>The licensee completes this action immediately on detection</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Sample of monthly customer invoices</li> <li>Customer Service Charter, August 2013</li> <li>DMS Water Ordering System</li> </ul>	1
<p><b>Review of bills</b></p> <p>The licensee must review a bill on the customer's request.</p>	113	Clause 18(1)	4	<ul style="list-style-type: none"> <li>The licensee reviews bills when requested to by customers.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Sample of monthly customer invoices</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				<ul style="list-style-type: none"> <li>This is typically performed in person at the licensee's offices at the time the request is made.</li> <li>The licensee considers that there may have been one review of a bill during the audit period. This took place when a new customer took over an existing non-member property and thought his bill was high. As the licensee has very specific rules governing the fixed and variable components and the associated charges that make up each customer's invoice, review of bills are considered to be very rare events.</li> <li>No records of the review or the outcomes have been maintained.</li> </ul>	<ul style="list-style-type: none"> <li>Customer Service Charter, August 2013</li> <li>DMS Water Ordering System</li> </ul>	
The license must have a written procedure for the review of a bill on the customer's request.	114	Clause 18(2)	4	<ul style="list-style-type: none"> <li>The licensee does not have a specific, separate written procedure for review of a bill.</li> <li>Faults with Meters and Supply Points is covered in Section 3.9 of the Customer Service Charter and provides step-by-step information to how the licensee investigates any faults with the infrastructure that is used as the basis for billing customers and how the invoices will be processed during the investigation and rectification.</li> <li>Although this is not a separate procedure, we consider that the information included in this section is effectively the licensee's procedure for reviewing a bill. Therefore, we consider that the licensee has met this obligation.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Customer Service Charter, August 2013</li> </ul>	1
The review procedure in clause 18(2) must include the specified information and be publicly available.	115	Clauses 18(3) & (6)	4	<ul style="list-style-type: none"> <li>As noted in the observations for Obligation 114, the licensee does not have a specific, separate written procedure for review of a bill but Section 3.9 of the Customer</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				Service Charter and provides step-by-step information to how the licensee investigates any faults with the infrastructure that is used as the basis for billing customers and how the invoices will be processed during the investigation and rectification.	<ul style="list-style-type: none"> <li>Customer Service Charter, August 2013</li> </ul>	
				<ul style="list-style-type: none"> <li>Further information on Billing and Payments is included in Section 5.2 of the Charter.</li> <li>Further information related to communication procedures is covered in Section 6 of the Charter and Section 8 of the Charter covers complaints resolution. Section 8.1 covers faults with infrastructure.</li> <li>Although this information is not included in one separate procedure, we consider that the requirements under Clauses 18(3) &amp; (6) of the Code of Conduct are included within the Customer Service Charter and that the essentially, if required by the licensee, these sections set out the review process.</li> <li>As noted previously, the licensee has very specific rules governing the fixed and variable components and the associated charges that make up each customer's invoice, review of bills are considered to be very rare events.</li> </ul>		
The review procedure must state that the customer may, but does not have to, use the licensee's complaints procedure mentioned in clause 35 before or instead of applying to the water services ombudsman or, if available, making an appeal from, or applying for a review or, the decision under	116	Clause 18(4)	4	<ul style="list-style-type: none"> <li>Refer to the observations made for Obligations 114 and 115.</li> <li>The licensee informs customers of the matters covered in Clause 18(4) of the Code of Conduct in Section 8 of the Customer Service Charter.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Customer Service Charter, August 2013</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
regulations mentioned in section 222(2)(k) of the Act.						
The licensee must inform the customer of the outcome of a review of the customer's bill as soon as practicable or otherwise less than 15 business days from the day the customer's request for review was received.	117	Clause 18(5)	4	<ul style="list-style-type: none"> <li>The licensee considers that there may have been one review of a bill during the audit period. This took place when a new customer took over an existing non-member property and thought his bill was high. As the licensee has very specific rules governing the fixed and variable components and the associated charges that make up each customer's invoice, review of bills are considered to be very rare events.</li> <li>The review would have been dealt with at the time and no records of the review or the outcomes have been maintained.</li> <li>The licensee considers that it would inform customers of the outcome of the review of bills within 5 business days if the matter could not be sorted out at the time.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Customer Service Charter, August 2013</li> </ul>	1
<b>When payment due if not set under regulations</b> The time set by the licensee for the payment of a bill must be after 14 days from when the bill is issued.	118	Clause 20	4	<ul style="list-style-type: none"> <li>The licensee requires payments of its bills within 30 days of issue.</li> <li>We confirmed this is included on the licensee's invoice template.</li> <li>If the invoice is not paid after an additional seven days (i.e. 37 days after issue), the licensee adds a late payment administration charge. If the invoice remains unpaid 30 days late (i.e. 60 days after issue), the licensee adds an interest payment at a rate of 10% per annum.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Customer Service Charter, August 2013</li> <li>Review of example monthly invoices</li> </ul>	1
<b>Payment methods</b> The licensee must allow a customer to pay a bill using any of the prescribed methods selected by the customer.	119	Clause 21(1)	4	<ul style="list-style-type: none"> <li>The Licensee does not accept payments by all the prescribed methods under Clause 21(1) of the Code.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Customer Service Charter, August 2013</li> </ul>	2

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
<p>The prescribed methods are:</p> <ul style="list-style-type: none"> <li>a) Direct debit</li> <li>b) Centrepay</li> <li>c) Internet</li> <li>d) Telephone</li> <li>e) Post</li> </ul>				<ul style="list-style-type: none"> <li>▪ The licensee does not accept payments by direct debit, Centrepay or telephone.</li> <li>▪ Billing and Payments are covered in Section 5.2 of the Customer Service Charter and inform customers that 'Payments can be made by cheque or electronically into the nominated Bank Accounts shown on the invoice'. The other prescribed payment methods are not advertised to customers as being options.</li> <li>▪ The majority of the licensee's customers pay by EFT payments. The details of the licensee's bank account are include on each of the monthly invoices received by customers. This allows customers to pay via internet banking although there is no specific rates payment form on the licensee's website.</li> <li>▪ Customers can pay by cheque either through the post or at the licensee's front counter.</li> <li>▪ The licensee does not allow customers to pay by credit card over the phone.</li> <li>▪ Under the <i>Water Services Act 2012</i> definition, a customer is 'a person to whom water services are provided by the licensee or who is entitled to the provision of water services by the licensee, other than a person who is a member of the licensee'.</li> <li>▪ Therefore, the licensee does not have to make these payment methods available to its member customers but does to its non-member customers.</li> <li>▪ As a result the licensee is not in compliance with all of the payment method requirements included in the</li> </ul>	<ul style="list-style-type: none"> <li>▪ Review of example monthly invoices</li> </ul>	



Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				Code, with regard to its non-member customers. <ul style="list-style-type: none"> <li>We are required under the audit guidelines to recommend that OIC address the observed non-compliance and provide direct debit and Centrepay options for payment from non-member customers.</li> <li>We note, however, that it may be impractical for OIC to do so given the type of business operated by the licensee and the order of magnitude of the invoices that customers pay.</li> <li>The licensee has a very small customer base and the fees associated with the implementation of a direct debit payments may not make this a financially viable option for the licensee. Centrepay is unlikely to be an appropriate payment method for an irrigation business.</li> <li>OIC notes that it will continue to monitor and determine the suitability of existing customer payment options.</li> </ul>		
The licensee must, when offering bill payment method options, inform the customer of the fees and charges (if any) associated with each bill payment method offered.	120	Clause 21(2)	4	<ul style="list-style-type: none"> <li>The license does not apply any additional fees and charges to different payment methods.</li> <li>We confirmed that the invoices provide information on additional fees for late payments but that there are no surcharges or additional fees for the different payment methods offered by the licensee.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Customer Service Charter, August 2013</li> <li>Review of example monthly invoices</li> </ul>	1
<b>Consent for direct debits</b> Before receiving a bill payment by direct debit the licensee must obtain the express consent, either orally or in writing, of the holder of the account to be debited and of the	121	Clause 22	4	<ul style="list-style-type: none"> <li>As noted in the observations made for Obligation 119, the licensee does not allow customers to pay a bill using direct debit.</li> <li>Under the <i>Water Services Act 2012</i> definition, a customer is 'a person to</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Customer Service Charter, August 2013</li> <li>Review of example monthly invoice</li> </ul>	2

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
customer or an adult person nominated by the customer, to do so.				<p>whom water services are provided by the licensee or who is entitled to the provision of water services by the licensee, other than a person who is a member of the licensee'.</p> <ul style="list-style-type: none"> <li>▪ Therefore, the licensee does not have to make all of the prescribed payment methods available to its member customers but does to its non-member customers.</li> <li>▪ As a result the licensee is not in compliance with all of the payment method requirements included in the Code, with regard to its non-member customers.</li> <li>▪ We are required under the audit guidelines to recommend that OIC address the observed non-compliance and provide a direct debit option for payment for non-member customers.</li> <li>▪ We note, however, that it may be impractical for OIC to do so, given the type of business operated by the licensee and the order of magnitude of the invoices that customers pay.</li> <li>▪ The licensee has a very small customer base and the fees associated with the implementation of a direct debit payments may not make this a financially viable option for the licensee.</li> <li>▪ OIC notes that it will continue to monitor and determine the suitability of existing customer payment options.</li> </ul>		
<b>Payment in advance</b> The licensee must accept payment in advance from a customer on a customer's request.	122	Clause 23(1)	4	<ul style="list-style-type: none"> <li>▪ The licensee does not accept payment in advance from customers. This option is not offered as the licensee considers that it is too difficult to manage in terms of the cash flow coming into the business.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Interviews with licensee staff</li> </ul>	2

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				<p>Different water ordering deliveries during the year mean that it is difficult to accurately predict the volume of water that a customer may require and the cost that this might incur.</p> <ul style="list-style-type: none"> <li>Therefore, the licensee has not complied with this obligation.</li> <li>The licensee considers that it has had one request to pay in advance during the audit period.</li> <li>We are required under the audit guidelines to recommend that OIC address the observed non-compliance and provide a payment in advance option for non-member customers. We note, however, that it may be impractical for OIC to do so.</li> <li>OIC notes that it will continue to monitor and determine the suitability of existing customer payment options.</li> </ul>		
<p><b>Free redirection in absence, illness</b></p> <p>The licensee must on request and at no charge redirect a customer's bills because of the customer's absence or illness.</p>	123	Clause 24	4	<ul style="list-style-type: none"> <li>The licensee is able to redirect customer's bills on request and at no charge.</li> <li>The requests are only accepted with confirmation from the third party receiving the redirected invoices.</li> <li>The licensee has received a small number of requests for free redirection during the audit period. We reviewed a sample and confirmed that they are only accepted on receipt of the third party confirmation.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Example of requests for redirection and confirmation from 3<sup>rd</sup> party</li> </ul>	1
<p><b>Assistance for customers experiencing payment difficulties</b></p> <p>The licensee must allow a customer to pay a bill under a payment plan or other arrangement under which the customer is given more time to pay the bill or to pay arrears if the</p>	124	Clause 25	4	<ul style="list-style-type: none"> <li>The licensee allows customers to pay bills under a payment plan or other arrangement.</li> <li>The licensee has a Board's Debtors Policy which sets out the financial management for customer billing.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Customer Service Charter, August 2013</li> <li>OIC Board's Debtors Policy</li> </ul>	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
customer is assessed by the licensee as experiencing payment difficulties.				<ul style="list-style-type: none"> <li>Section 5.2 Billing and Payments in the Customer Service Charter informs customers "Please let us know if you are having difficulty in paying amounts charged. You can discuss payment plan options with the General Manager".</li> <li>The licensee stops charging overdue fees when a customer enters into a payment plan.</li> <li>However, there have been no instances of customers paying on a payment plan during the audit period. As a result, this obligation has not been rated.</li> </ul>		
<b>Financial hardship policy</b> The licensee must have a written policy in relation to financial hardship that is approved by the Authority.	125	Clauses 26(1) & (2)	4	<ul style="list-style-type: none"> <li>The licensee received confirmation from the ERA that it is exempt from the requirement to have a financial hardship policy in a letter dated 14 February 2014.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Correspondence with ERA</li> </ul>	NA
If the licensee's licence was in place before the commencement of the Act, the licensee must have a financial hardship policy before the end of the 6 month period starting on the day on which section 27 of the Act comes into effect.	126	Clause 26(3)	4	<ul style="list-style-type: none"> <li>The licensee received confirmation from the ERA that it is exempt from the requirement to have a financial hardship policy in a letter dated 14 February 2014.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Correspondence with ERA</li> </ul>	NA
If the licensee's licence was granted after the day on which the Act came into effect, the licensee must have a financial hardship policy within 6 months of the day of the grant of the license.	127	Clause 26(4)	4	<ul style="list-style-type: none"> <li>The licensee received confirmation from the ERA that it is exempt from the requirement to have a financial hardship policy in a letter dated 14 February 2014.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Correspondence with ERA</li> </ul>	NA
The licensee's financial hardship policy must be publicly available.	128	Clause 26(5)	4	<ul style="list-style-type: none"> <li>The licensee received confirmation from the ERA that it is exempt from the requirement to have a financial hardship policy in a letter dated 14 February 2014.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Correspondence with ERA</li> </ul>	NA

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
The licensee must review its financial hardship policy at least once in every 5 year period and, as part of the review process, consult with relevant consumer organisations.	129	Clauses 26(6)	4	<ul style="list-style-type: none"> <li>The licensee received confirmation from the ERA that it is exempt from the requirement to have a financial hardship policy in a letter dated 14 February 2014.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Correspondence with ERA</li> </ul>	NA
<b>Assistance for customers experiencing financial hardship</b> The licensee must allow a customer experiencing financial hardship to pay a bill under an interest-free or fee-free payment plan other arrangement under which the customer is given more time to pay the bill or to pay arrears.	130	Clause 27(2)	4	<ul style="list-style-type: none"> <li>Section 5.2 Billing and Payments in the Customer Service Charter informs customers "Please let us know if you are having difficulty in paying amounts charged. You can discuss payment plan options with the General Manager".</li> <li>The licensee stops charging overdue fees when a customer enters into a payment plan. This policy is set out in the OIC Board's Debtors Policy</li> <li>However, there have been no instances of customers paying on a payment plan during the audit period. As a result, this obligation has not been rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Customer Service Charter, August 2013</li> <li>OIC Board's Debtors Policy</li> </ul>	NR
The licensee must also consider reducing the amount owed, review and revise, if appropriate, how a customer is paying a bill under clause 27(2) and provide the specified written information to a customer.	131	Clause 27(3)	4	<ul style="list-style-type: none"> <li>The licensee has a Board's Debtors Policy which sets out the financial management for customer billing.</li> <li>The licensee may consider writing off amounts owed to it in certain circumstances. Approval for writing off amounts owed would have to be given by the Board to make</li> <li>However, the licensee has not reduced the amount owed by any customers during the audit period. As a result, this obligation has not been rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Customer Service Charter, August 2013</li> <li>OIC Board's Debtors Policy</li> </ul>	NR
<b>Matters relating to customers experiencing payment difficulties or financial hardship</b>	132	Clause 28(1)	4	<ul style="list-style-type: none"> <li>The licensee has a Board's Debtors Policy which sets out the financial management for customer billing.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
Before the licensee enters into a payment plan or other similar arrangement with a customer who is not the owner of the land in respect of which the water service is provided, the licensee must ensure that the owner is aware of the proposed plan or arrangement.				<ul style="list-style-type: none"> <li>The policy defines the course of debt management actions, including informing the land owner of late payments at 90 days after the invoice was issued.</li> <li>However, the licensee has not had to make land owners aware of a tenant's proposed plan or payment arrangement during the audit period. Therefore, this obligation has not been rated.</li> </ul>	<ul style="list-style-type: none"> <li>Customer Service Charter, August 2013</li> <li>OIC Board's Debtors Policy</li> </ul>	
The licensee must have publicly available written information regarding the payment plans, arrangements and other assistance that is available to customers.	133	Clauses 28(4) & (5)	4	<ul style="list-style-type: none"> <li>Section 5.2 Billing and Payments in the Customer Service Charter informs customers "Please let us know if you are having difficulty in paying amounts charged. You can discuss payment plan options with the General Manager".</li> <li>The Customer Service Charter is accessible through the licensee's website.</li> <li>Invoices also mention to contact the licensee if they are having difficulties making their payments.</li> <li>The publically available information makes customers aware that there are payment plan options and they can discuss payment issues with the licensee. Specific details regarding the arrangements (e.g. amount/frequency) would then be negotiated between the licensee and the customer.</li> </ul>	<ul style="list-style-type: none"> <li>Interview with licensee staff</li> <li>Customer Service Charter, August 2013</li> </ul>	1
<b>No debt collection in certain cases</b> The licensee must not commence or continue proceedings to recover a debt from a customer who is complying with a payment plan or other arrangement, or who is being assessed for payment difficulties or	134	Clause 29	4	<ul style="list-style-type: none"> <li>The licensee does not collect debts where a customer is in a payment arrangement. This is specified in the OIC Board's Debtors Policy.</li> <li>As no customers have been on payment plans during the audit period, this obligation has not been rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>OIC Board's Debtors Policy</li> </ul>	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
who is being assessed for financial hardship.						
<b>Water flow not to be reduced below minimum rate</b> The licensee must not reduce the rate of flow of water to a customer to below 2.3 litres each minute.	139	Clause 33	4	<ul style="list-style-type: none"> <li>The licensee does not provide a potable water supply service. Therefore this obligation is not applicable.</li> <li>The licensee supplies water at a rate of 1.15 L/s/ha of land, as specified in the Channel Design Manual.</li> <li>Technically the licensee is able to reduce the flow received by a customer. A clause in the Rules of Ord Irrigation Cooperative states that if the customer has not paid their bill 90 days after it was due they can have their supply restricted. However, due to the costs associated with implementing this for an irrigation customers, with the licensee needing to construct a cofferdam and then remove it once the overdue amounts have been settled, the licensee has never initiated a restriction on a customer.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Rules of Ord Irrigation Cooperative</li> </ul>	NA
<b>Minimum performance standards for restoration of water supply</b> The licensee (other than the Water Corporation) must restore a water supply to land within the specified timeframe, unless the licensee and customer expressly agree otherwise.	142	Clauses 34(4)	4	<ul style="list-style-type: none"> <li>The licensee does not provide a potable water supply service. Therefore this obligation is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NA
The licensee (other than the Water Corporation) must ensure that there is a 90% compliance rate with clause 34(4) in any 12 month period ending on 30 June.	144	Clauses 34(6)	4	<ul style="list-style-type: none"> <li>The licensee does not provide a potable water supply service. Therefore this obligation is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NA
<b>Procedure for dealing with complaints about water services</b>	145	Clauses 35(1)	4	<ul style="list-style-type: none"> <li>The licensee's Customer Service Charter sets out the complaints process. An</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
<p>The licensee must have a written complaints procedure in relation to investigating and dealing with complaints of customers about the provision of water services by the licensee or a failure by the licensee to provide a water service.</p>				<p>overview is provided in Section 8 of the updated August 2013 Charter.</p> <ul style="list-style-type: none"> <li>▪ The licensee does not have a specific overall complaints and procedure in its Policies and Procedures manual but the documented detailed information included in the Customer Service Charter forms the procedure ensure that all complaints are investigated in a timely and transparent manner by a competent person and all decisions and outcomes are justified and documented.</li> <li>▪ The licensee also has a complaints procedure in the Rules of Ord Irrigation Cooperative, which sets out the rules and responsibilities for the Cooperative and its members.</li> <li>▪ Complaints may be made in writing, by telephone, in person at the licensee's office by email. Contact details for the General Manager and Administration Manager are provided on the licensee's website.</li> <li>▪ The licensee maintains an Excel spreadsheet register for tracking complaints. The register records the complaint number, customer details, the received date, a summary of the issue, a summary of the response and the date the licensee responded.</li> <li>▪ As the licensee is a cooperative, with members being shareholders in the business, issues are generally discussed with customers before they are raised to a formal complaint. Generally when complaints are made it is because they have a reached a high level complaint and need an action to be completed to be</li> </ul>	<ul style="list-style-type: none"> <li>▪ Customer Service Charter, August 2013</li> <li>▪ Complaints Register</li> <li>▪ Rules of Ord Irrigation Cooperative</li> </ul>	



Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				addressed. Complaints are taken to the Board if required. <ul style="list-style-type: none"> <li>▪ The licensee has a Disputes Panel and Committee that complaints can be escalated to if they cannot be resolved by the licensee. The Disputes panel is elected by member customers of the cooperative every three year. The process for resolution of disputes is also covered in the Rules of Ord Irrigation Cooperative</li> <li>▪ The licensee usually receives a small number of complaints each year.</li> <li>▪ We reviewed the licensee's complaints register and confirmed that it received two complaints in 2013/14. The licensee has received one complaint during 2014/15 up to the date of the audit. We confirmed that each complaint received was responded to within five business days.</li> </ul>		
The licensee's complaints procedure must be developed using as minimum standards the relevant provisions of the AS ISO 10002-2006 and the Authority's guidelines (if any).	146	Clause 35(2)	4	<ul style="list-style-type: none"> <li>▪ The main components of a complaints procedure under AS ISO1002-2006 (now superseded by the 2014 version) are:                             <ul style="list-style-type: none"> <li>– Commitment</li> <li>– Supporting policy and procedures</li> <li>– Defined responsibilities</li> <li>– Staff awareness</li> </ul> </li> <li>▪ As noted previously the licensee has an overall procedure included in its Customer Service Charter and also within the Rules of Ord Irrigation Cooperative document to ensure that all complaints and disputes are investigated in a timely and transparent manner by a competent person and all decisions and outcomes are justified and documented.</li> <li>▪ Although these processes were not developed using the Standard, we</li> </ul>	<ul style="list-style-type: none"> <li>▪ Interviews with license staff</li> <li>▪ Customer Service Charter, August 2013</li> <li>▪ Complaints Register</li> <li>▪ Rules of Ord Irrigation Cooperative</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				consider that the information that forms the licensee's procedure is essentially in accordance with the AS 10002-2014 guidance for small organisations included in Appendix A of the Standard.		
				<ul style="list-style-type: none"> <li>As a result, although the licensee does not have a specific, separate procedural document, the publicised information that forms the outline procedure is compliant with the obligation.</li> </ul>		
				<ul style="list-style-type: none"> <li>The licensee's Complaints Resolution process outlined in the Customer Service Charter addresses all of the matters under this obligation. This includes how complaints are lodged and recorded, time limits for responding to complaints, dispute resolution arrangements and resolving a complaint within 15 days.</li> <li>Although the licensee does not have a specific procedural document, we consider that information for all of the steps that would be expected to be in a procedure are included in the Customer Service Charter. The licensee also includes the complaints process in the Rules of Ord Irrigation Cooperative.</li> <li>Customers are able to refer complaints to the Board if they are not satisfied with the licensee's management response. If the customer is not satisfied with the Board response, the complaint can be escalated to the Disputes Panel. However, no complaints have ever been escalated to the Disputes Panel in the time it has existed.</li> <li>We confirmed that the licensee has resolved all complaints received in the applicable audit period within 15 days.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with license staff</li> <li>Customer Service Charter, August 2013</li> <li>Complaints Register</li> <li>Rules of Ord Irrigation Cooperative</li> </ul>	1
The licensee's complaints procedure must provide for the matters specified in relation to lodgement of complaints, responding to complaints, dispute resolution arrangements and resolving complaints.	147	Clauses 35(3)	4			

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
<p>The licensee's complaints procedure must inform the customer that they</p> <ul style="list-style-type: none"> <li>do not have to use the licensee's complaints procedure,</li> <li>provide details of procedures under the Act, and</li> <li>set out the costs and benefits to the customer if the use the complaint resolution procedure or instead of the procedures under the Act.</li> </ul>	148	Clauses 35(4)	4	<ul style="list-style-type: none"> <li>The licensee's Complaints Resolution process outlined in the Customer Service Charter addresses all of the matters under this obligation. Customers are able to refer complaints to the Department of Water and further to arbitration or bypass the process and initiate legal action.</li> <li>Although the licensee does not have a specific procedural document, we consider that information for all of the steps that would be expected to be in a procedure are included in the Customer Service Charter. The licensee also includes the complaints process in the Rules of Ord Irrigation Cooperative.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with license staff</li> <li>Customer Service Charter, August 2013</li> <li>Complaints Register</li> <li>Rules of Ord Irrigation Cooperative</li> </ul>	1
<p>The licensee's complaints procedure must be publicly available.</p>	149	Clauses 35(6)	4	<ul style="list-style-type: none"> <li>Although the licensee does not have a specific procedural document, we consider that information for all of the steps that would be expected to be in a procedure are included in the Customer Service Charter. The licensee also includes the complaints process in the Rules of Ord Irrigation Cooperative.</li> <li>Both of these documents are available to customers.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with license staff</li> <li>Customer Service Charter, August 2013</li> <li>Complaints Register</li> <li>Rules of Ord Irrigation Cooperative</li> </ul>	1
<p><b>Services to be provided without charge</b></p> <p>The licensee must provide a customer with the specified services on request and at no charge.</p>	150	Clause 36(1)	4	<ul style="list-style-type: none"> <li>The licensee does not advertise the specified services as being available to customers. The licensee considers that if they were asked to provide them by a customer, they would ensure that the request was completed and at no charge to the customer.</li> <li>We consider that this a minor non-compliance and recommend that the licensee looks to advertise these specific services in the next update of the Customer Service Charter.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	2

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
The licensee must make available to each customer the customer's personal account information.	152	Clause 36(2)	4	<ul style="list-style-type: none"> <li>▪ The licensee provides personal account information to customers as part of their monthly Water Statement.</li> <li>▪ Customers are also able to log into the online water ordering system at any time to access their account information</li> </ul>	<ul style="list-style-type: none"> <li>▪ Interviews with licensee staff</li> <li>▪ Example of customer Water Statement</li> <li>▪ DMS system</li> </ul>	1
<p><b>Information to be publicly available</b></p> <p>The licensee must make the prescribed information publicly available.</p>	153	Clause 37(1)	4	<ul style="list-style-type: none"> <li>▪ The licensee makes the required information publically available as follows:                             <ul style="list-style-type: none"> <li>(a) Current fees and charges are publically available on the licensee's website. This information is also included in the Customer Service Charter.</li> <li>(b) Bill payment methods are available on the customer's invoices. As noted previously, the licensee only accepts EFT payments and cheques.</li> <li>(c) The licensee does not have an exemptions, rebated, or discounts available to its customers. Therefore, this information requirement is not applicable.</li> <li>(d) As noted above, the licensee does not advertise the services provided under clause 36 of the Code. Although it has never been asked to provide the services, we consider that this is a minor non-compliance. As above, we recommend that the licensee advertises these services as being available in its next update of the Customer Service Charter so that customers are aware of them.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Interviews with licensee staff</li> <li>▪ Customer Service Charter, August 2013</li> <li>▪ Rules of Ord Irrigation Cooperative</li> <li>▪ Examples of Newsletters</li> <li>▪ Examples of AGM Agenda and Minutes</li> <li>▪ Examples of planned interruption customer notices</li> </ul>	2

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				<ul style="list-style-type: none"> <li>(e) Authorised person powers are not applicable as the licensee has not authorised any persons under the Act.</li> <li>(f) Customers are made aware of their obligations to ensure that access to a meter is available in the Customer Service Charter and the Rules of Ord Irrigation Cooperative. Meters are generally located in the OIAMC easements and so access is usually not an issue.</li> <li>(g) Information related to the licensee cutting off water supply or reducing the rate of supply is included in Section 3.4 (Limitation or Discontinuation of Services) and Section 6.4 (Notices of Proposed Limitation or Discontinuation of Services) of the Customer Service Charter. The information is also included in the Rules of Ord Irrigation Cooperative.</li> <li>(h) As for Part (g).</li> <li>(i) This information is not applicable as the licensee does not supply dwellings.</li> <li>(j) The quality of water is covered at the AGM and the Ord River Stakeholder meeting that the licensee participates in. The water quality data is included in the Annual Report and these are made available to members each year.</li> <li>(k) Information on the sustainable use of water is referenced in</li> </ul>		

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				<p>Section 1.5 (Service Values) of the Customer Service Charter. Specific information is discussed at the AGM if required. Customer have an obligation to keep the licensee informed of any maintenance, changes or modifications that they believe would improve the operation of the system and this is outlined in Section 5.4 of the Charter.</p> <p>(l) Customers are made aware of interruptions at the AGM for events that the licensee is proposing or anticipating up to 12 months in advance. Information is also provided in advance in the newsletters issued by the licensee. The licensee provides confirmation of a planned interruption via a formal notice at least seven days in advance. The licensee informs customers of unplanned interruptions as soon as they eventuate.</p>		
The licensee must comply with any code of practice made by the Minister to the extent it applies to the licensee.	157	Clause 5.2	4	<ul style="list-style-type: none"> <li>Refer to observations detailed in Compliance Manual Reference 10.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NA
The licensee must comply with any code of conduct made by the Authority to the extent it applies to the licensee and is not inconsistent with the terms and conditions of the licence.	158	Clause 5.3	4	<ul style="list-style-type: none"> <li>Refer to observations detailed in Compliance Manual Reference 11.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	2
The licensee must comply with a direction from the Authority in	159	Clause 5.4	4	<ul style="list-style-type: none"> <li>The licensee has not had any directions from the Authority in relation to a breach</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
relation to a breach of applicable legislation.				of applicable legislation and therefore this obligation is not rateable.	<ul style="list-style-type: none"> <li>Correspondence with the ERA</li> </ul>	
<b>Accounting Records (Clause 12)</b>						
The licensee and any related body corporate must maintain accounting records that comply with the Australian Accounting Standards Board Standards or equivalent International Accounting Standards.	160	Licence Clause 12	4	<ul style="list-style-type: none"> <li>Accounting records are prepared in accordance with AASB standards.</li> <li>Under the requirements of the Cooperative Act 2009, the licensee is required to conduct an annual audit of its finances and make the audited Statement of Accounts available to all member customers.</li> <li>The financial statement includes a sign-off from the independent auditor that the financial report complies with the Australian Accounting Standards</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>2012/2013/2014 annual reports</li> <li>Review of Annual Budget 2014/15</li> </ul>	1
<b>Individual Performance Standards (Clause 13)</b>						
The licensee must comply with any individual performance standards prescribed by the Authority.	161	Licence Clause 13.1	5	<ul style="list-style-type: none"> <li>The individual performance standards that the licensee must comply with have not changed under the new <i>Water Services Act 2012</i> and are the same as were in place under the <i>Water Services Licensing Act 1995</i>. The licensee has performance standards related to:               <ul style="list-style-type: none"> <li>Providing water suitable for irrigation purposes</li> <li>Providing at least five business days' notice of any planned service interruption</li> <li>Providing an annual notification that customers are provided with a non-potable water supply</li> </ul> </li> <li>The standards that the licensee is required to meet in relation to these requirements are:</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with license staff</li> <li>Customer Service Charter, August 2013</li> <li>AGM Agenda</li> <li>Copies of Newsletters</li> <li>OIC Monthly Customer Invoices</li> <li>Water Quality Annual Reports 2013, 2014</li> <li>Annual Performance Reports (2013, 2014)</li> <li>Complaints Register</li> <li>Rules of Ord Irrigation Cooperative</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				<ul style="list-style-type: none"> <li>- Providing water quality of &lt;1,200 mg/L TDS</li> <li>- Providing &gt;90% of customers with five days' notice of a planned interruption in any year.</li> <li>- Providing 100% of customers with an annual notice that the water provided is not suitable for drinking.</li> </ul> <ul style="list-style-type: none"> <li>▪ The processes for managing these performance targets is outlined for each standard in the observations made for Obligation 2012/7.</li> <li>▪ We confirmed that the licensee has complied with all of the individual performance standards prescribed by the Authority and included in Schedule 3 of the operating licence for the period from 18 November 2013 until the end of the audit period on 31 May 2015 that this obligation was in place for.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Grower Notices with planned shutdown details</li> </ul>	
<b>Operational Audit (Clause 14)</b>						
The licensee, must, unless otherwise notified in writing by the Authority, provide the Authority with an operational audit within 24 months after the commencement date, and every 24 months thereafter.	9	Licence Clause 14.1	4	<ul style="list-style-type: none"> <li>▪ The licensee is currently subject to operational audits at 36 month intervals and this was confirmed by the Authority in writing in a letter dated 18/12/2009.</li> <li>▪ The last operational audit was undertaken in 2011 by Quantum Assurance (report prepared in March 2012) which covered the period from 1 June 2009 to 31 May 2012.</li> <li>▪ The next operational audit (this audit) covers the period from 1 June 2012 to 31 May 2015.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Interviews with licensee staff</li> <li>▪ Previous operational audit report (Quantum Assurance, November 2012)</li> <li>▪ Correspondence with ERA</li> </ul>	1
The licensee must cooperate with the independent expert and comply with the Authority's standard audit	162	Licence Clause 14.4	4	<ul style="list-style-type: none"> <li>▪ The current operational audit follows the Audit and Review Guidelines - Water Licences – Final (July 2014)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Interviews with licensee staff</li> </ul>	1



Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
guidelines dealing with the operational audit.				<ul style="list-style-type: none"> <li>The audit has been conducted following the audit plan prepared in accordance with the guidelines and approved by the Authority.</li> <li>The licensee has complied with all requests for information made by the auditor and has made its staff and resources freely available to assist the conduct of this audit.</li> <li>The licensee's staff have acted in a professional and helpful manner throughout this audit.</li> </ul>		
<b>Reporting a Change in Circumstance (Clause 15)</b>						
The licensee must report to the Authority, in the manner prescribed, if a licensee is under external administration or there is a material change in the circumstances upon which the licence was granted which may affect a licensee's ability to meet its obligations.	163	Licence Clause 15.1 (a), (b), (c)	2	<ul style="list-style-type: none"> <li>The licensee is not under external administration and there has been no material change of circumstances. Therefore, this clause is not able to be rated.</li> <li>The latest version of the operating licence dated 23 December 2013 includes the Stage 2 Development of the irrigation area. Although the land has been leased, no decision has been made regarding the arrangements to supply customers in this area. Therefore, it is possible that there may be a material change in the circumstances upon which the licence was granted during the next audit period (1 June 2015 to 31 May 2018).</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Ord Irrigation Cooperative Operating Licence WL37, Version 4, 23 December 2013</li> </ul>	NR
The licensee must report to the Authority within 10 business days of providing or undertaking water service works that are major works or general works.	164	Licence Clause 15.1 (d)	4	<ul style="list-style-type: none"> <li>As noted, the licensee has not undertaken any major works or general works during the audit period. Therefore, this obligation is not able to be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
<b>Provision of Information (Clause 16)</b>						
The licensee must provide the Authority any information that the Authority may require in connection with its functions under the Act in the time, manner and form specified by the Authority.	165	Licence Clause 16.1	4	<ul style="list-style-type: none"> <li>The licensee has provided the required information to the Authority.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>2011/12, 2012/13 and 2013/14 Annual Compliance Reports</li> <li>2011/12, 2012/13 and 2013/14 Annual Performance Reports</li> <li>Correspondence with ERA</li> </ul>	1
The licensee must comply with any information reporting requirements prescribed by the Authority, including but not limited to the provisions of the Water Compliance Reporting Manual that apply to the licensee.	166	Licence Clause 16.2	4	<ul style="list-style-type: none"> <li>We reviewed the following compliance reports at audit:                             <ul style="list-style-type: none"> <li>2011/12 compliance report dated 5 September 2012</li> <li>2012/13 compliance report dated 30 July 2013</li> <li>2013/14 compliance report dated 17 July 2014</li> </ul> </li> <li>We confirmed that the licensee reported non-compliances in the annual compliance reports submitted to the ERA.</li> <li>The 2011/12 compliance report noted non-compliances related to providing 100% of customers notification that the water supplied is non-potable and the failure to include tariff and scheme operation information as items at the AGM.</li> <li>The 2012/13 compliance report noted a non-compliances related to the previous year's performance report being submitted five days after the due date.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>2011/12, 2012/13 and 2013/14 Annual Compliance Reports</li> <li>Correspondence with ERA</li> </ul>	2

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
The licensee must provide the Authority with the data required for performance reporting purposes that is specified in Water Compliance Reporting Manual.	167	Licence Clause 16.3	4	<ul style="list-style-type: none"> <li>▪ The 2013/14 compliance report noted a non-compliance related to the previous year's performance report not being submitted by 31 October 2013. The report was submitted to the ERA on 7 November 2013.</li> <li>▪ Therefore, as the timeframe for reporting is set in the ERA's Compliance Manual, the licensee has been non-compliant with the requirement to submit its performance reports by the due date.</li> </ul> <hr/> <ul style="list-style-type: none"> <li>▪ The licensee has provided the Authority with performance reporting data. We reviewed the following performance reports at audit:                             <ul style="list-style-type: none"> <li>– 2011/12 performance report dated 5 November 2012</li> <li>– 2012/13 performance report dated 7 November 2013</li> <li>– 2013/14 performance report dated 21 July 2014</li> </ul> </li> <li>▪ As the licensee has submitted two of the three performance reports in the audit period after the due date, we have rated this as a minor non-compliance.</li> <li>▪ OIC has input schedules into Loc8 to email reminders of due dates for ERA-related submissions and also has this information included in the CEO Checklist. Therefore, submission of regulatory information within specified timeframes is not expected to be an issue going forwards.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Interviews with licensee staff</li> <li>▪ Performance reporting data for 2011/12, 2012/13 and 2013/14</li> <li>▪ 2011/12, 2012/13 and 2013/14 Annual Compliance Reports</li> <li>▪ Correspondence with ERA</li> </ul>	2
<b>Publishing Information (Clause 17)</b>						

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
Subject to clause 17.3, the licensee must publish within the specified timeframe any information that the Authority has directed the licensee to publish under clause 17.1.	168	Licence Clause 17.2	4	<ul style="list-style-type: none"> <li>The Authority has not directed the licensee to publish information related to this obligation. Therefore the obligation cannot be rated.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
<b>Notices (Clause 18)</b>						
Unless otherwise specified, all notices must be in writing.	169	Licence Clause 18.1	4	<ul style="list-style-type: none"> <li>The licensee issues all formal correspondence in writing.</li> <li>We reviewed a sample of correspondence at audit.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Annual Compliance Reports</li> <li>Correspondence with ERA</li> <li>Sample of correspondence with customers</li> </ul>	1
<b>Asset Management System (Clause 20)</b>						
The licensee must provide for, and notify the Authority of, an asset management system within the specified time unless otherwise notified by the Authority.	170	Licence Clause 20.1	4	<ul style="list-style-type: none"> <li>The licensee provided details of the asset management system at the time of its licence application.</li> <li>The OIC has implemented Loc8 as its asset management system during the review period. Loc8 has replaced the OIC's previous system, Greenbase.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
The licensee must notify the Authority of any material change to the asset management system within 10 business days of the change.	171	Licence Clause 20.2	5	<ul style="list-style-type: none"> <li>The licensee has implemented Loc8 as its asset management system during the review period. Loc8 has replaced the licensee's previous system, Greenbase.</li> <li>The licensee considers that the new system may have been in place at the time of the last audit in 2012 but that it had only just been implemented and assets were still being input in the new system. A significant amount of the work to</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Correspondence with ERA</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				implement Loc8 was completed in July 2013. <ul style="list-style-type: none"> <li>The licensee informed the ERA of the change in its management system in a letter dated 3 September 2012. This was after the last audit had been carried out but before the final audit report was issued to the ERA. The ERA responded to note the change is a letter dated 5 September 2012.</li> <li>The previous audit included updating the Asset Management System as a key recommendation. The actual date the Loc8 system was implemented could not be ascertained at audit but it has been assumed that the notification provided to the ERA of the material change was within the required 10 business days.</li> </ul>		
The licensee must cooperate with the independent expert and comply with the Authority's standard guidelines dealing with the asset management system review.	172	Licence Clause 20.6	4	<ul style="list-style-type: none"> <li>The asset management system review is being conducted in accordance with the Authority's <i>Audit and Review Guidelines: Water Licences (2014)</i> and the preceding <i>Audit Guidelines: Electricity, Gas and Water Licences (2009)</i> as both were in effect during the audit period.</li> <li>An audit plan consistent with these guidelines has been prepared prior to this audit. The licensee has been consulted with respect to the audit plan and the audit plan has been approved by the Authority.</li> <li>The outcomes of the asset management system review are in a later section of this report.</li> </ul>	<ul style="list-style-type: none"> <li>Audit and review plan</li> <li>Audit and review guidelines</li> <li>Interviews with licensee staff</li> </ul>	1
The licensee must have an asset management system that provides for the operation and maintenance of the water service works.	6	Sections 24(1)(a) & 24(2)	4	<ul style="list-style-type: none"> <li>The licensee has in place an asset management system for the operation and maintenance of its water service works.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Asset Management Plan</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				<ul style="list-style-type: none"> <li>▪ The main components of the licensee's asset management system are:                             <ul style="list-style-type: none"> <li>– Loc8, the asset register and maintenance scheduler</li> <li>– QuickBooks for financial accounting (mapped to the asset register in Loc8)</li> <li>– SCADA for managing/monitoring assets remotely</li> <li>– Demand Management Software (DMS) for managing water ordering and delivery</li> <li>– Waterman Manuals for operating assets in the field</li> <li>– Twenty year Capital Works Plan</li> <li>– Staff training and awareness</li> <li>– Asset Management Plan,</li> </ul> </li> <li>▪ A review of this asset management system has been completed at the same time as this operational audit and the outcomes are presented in a later section of this report.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Loc8</li> <li>▪ Waterman Manual</li> <li>▪ Training Register</li> <li>▪ Annual O&amp;M budgets</li> <li>▪ Capital Works Plan</li> </ul>	
The licensee must give details of the asset management system and any changes to it to the Authority.	7	Section 24(1)(b)	5	<ul style="list-style-type: none"> <li>▪ Refer to the observations made for Obligation 171.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Interviews with licensee staff</li> <li>▪ Correspondence with ERA</li> </ul>	1
A licensee must provide the Authority with a report by an independent expert as to the effectiveness of its asset management system every 24 months, or such longer period as determined by the Authority.	8	Section 24(1)(c)	5	<ul style="list-style-type: none"> <li>▪ An asset management system review was conducted by Quantum Assurance and documented in a report prepared November 2012, which covered the period from 1 June 2009 to 31 May 2012.</li> <li>▪ The next asset management system review (this review) covers the period from 1 June 2012 to 31 May 2015.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Interviews with licensee staff</li> <li>▪ Review of previous asset management review report</li> </ul>	1
<b>Water Services Ombudsman Scheme (Clause 21)</b>						

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
The licensee must not supply water services to customers unless the licensee is a member of and bound by the water services ombudsman scheme.	173	Licence Clause 21.1	4	<ul style="list-style-type: none"> <li>The Energy and Water Ombudsman of Western Australia became responsible for the water services ombudsman scheme referred to in Part 4 of the Act on 1 January 2014.</li> <li>The licensee is a member of this scheme.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Correspondence</li> </ul>	1
Licensees who are required to be a member of the water services ombudsman scheme agree to be bound by, and compliant with, any decision or direction of the water services ombudsman under the scheme.	15	Section 66	4	<ul style="list-style-type: none"> <li>The licensee has agreed to be bound by and compliant with any decision or direction of the Ombudsman.</li> <li>No complaints concerning the licensee have been referred to the Ombudsman during the audit period.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Correspondence</li> <li>Complaints register</li> </ul>	1
<b>Standard Terms &amp; Conditions of Service (Clause 22)</b>						
Subject to the Act and the terms of a customer contract that apply to the water service, the licensee must supply water services in accordance with the terms and conditions set out in Schedule 4 (if any).	174	Licence Clause 22.1	4	<ul style="list-style-type: none"> <li>There are no Standard Terms and Condition of Service that apply to the licensee. This obligation is not applicable.</li> <li>The licensee seeks to provides its services in accordance with the Act and other applicable legislation (e.g. Cooperatives Act 2009)</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NA
<b>Customer Contract (Clause 23)</b>						
If directed by the Authority, the licensee must submit a draft customer contract for approval.	175	Licence Clause 23.1	5	<ul style="list-style-type: none"> <li>The licensee has not been directed by the Authority to submit a draft customer contract for approval. This obligation is not applicable.</li> <li>The licensee is issuing the ERA with a copy of its non-member contract for review in the next audit period. Although this is being driven by the licensee, it is possible that the obligations under Clause 23 of the operating licence will be activated in the next audit period.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Correspondence with ERA</li> </ul>	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
The licensee must comply with any Customer Contract Guidelines that apply to the licensee.	176	Licence Clause 23.2	5	<ul style="list-style-type: none"> <li>The licensee has not been directed by the Authority to submit a draft customer contract for approval. This obligation is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
The licensee may only amend the customer contract with the Authority's approval.	177	Licence Clause 23.3	5	<ul style="list-style-type: none"> <li>The licensee has not been directed by the Authority to submit a draft customer contract for approval. This obligation is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Correspondence with ERA</li> </ul>	NR
The licensee must comply with any direction by the Authority to amend the customer contract.	178	Licence Clause 23.6	5	<ul style="list-style-type: none"> <li>The licensee has not been directed by the Authority to submit a draft customer contract for approval. This obligation is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Correspondence with ERA</li> </ul>	NR
<b>Non Standard Terms &amp; Conditions of Service (Clause 24)</b>						
Unless clause 24.3 applies, the licensee cannot enter into an agreement with a customer to provide water services that exclude, modify or restrict the terms and conditions of the licence or the requirements of the Customer Services Code without the prior approval of the Authority.	179	Licence Clause 24.1 & 24.2	4	<ul style="list-style-type: none"> <li>The licensee has not entered into any agreements with customers to provide water services that exclude, modify or restrict the terms and conditions of the licence or the requirements of the Customer Services Code.</li> <li>As noted above, the licensee is issuing the ERA with a copy of its non-member contract for review in the next audit period. Although this is being driven the licensee, it is possible that the obligations under Clause 24 of the operating licence will be activated in the next audit period.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR
If the licensee enters into an agreement that excludes, modifies or restricts the terms and conditions of the licence or the requirements of the Customer Services Code, the licensee must publish an annual report containing the information specified.	180	Licence Clause 24.4	4	<ul style="list-style-type: none"> <li>The licensee has not entered into any agreements with customers to provide water services that exclude, modify or restrict the terms and conditions of the licence or the requirements of the Customer Services Code. This obligation is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR



Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
<b>Supplier of Last Resort (Clause 25)</b>						
If the licensee is appointed as the supplier of last resort for a designated area, the licensee must perform the functions of a supplier of last resort, comply with the duties imposed by the Act and carry out its operations under or for the purpose of the last resort plan in accordance with the Act.	181	Licence Clause 25.1	4	<ul style="list-style-type: none"> <li>The licensee has not been appointed as a supplier of last resort. This obligation is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NA
If the licensee is the supplier of last resort for a designated area, the licensee must perform the functions of the supplier of last resort and must comply with the relevant duties and carry out the relevant operations prescribed.	14	Section 60	4	<ul style="list-style-type: none"> <li>The licensee has not been appointed as a supplier of last resort. This obligation is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NA
<b>Duties of the Licensee (Clause 26)</b>						
The licensee must comply with the duties imposed on it by the Act in relation to its licence and must carry out its operations in respect of the licence in accordance with the Act.	12	Section 29	4	<ul style="list-style-type: none"> <li>The duties of the licensee are set out in Part 2, Division 3 of the Act. The compliance of the licensee with these obligations has already been tested in this audit, resulting in a number of non-compliances being found. As a result, this obligation has been rated as non-compliant.</li> <li>The licensee seeks to comply with its duty to provide non-potable water services within its operating area.</li> <li>The licensee has received a small number of complaints regarding its water services in the audit period.</li> <li>The licensee advises it has not refused provision of irrigation services or non-potable water services nor suspended</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Operating Licence</li> <li>Asset Management System</li> <li>Previous operational audit report (Quantum Assurance, November 2012)</li> </ul>	2

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				provision of these services in the audit period to customers.		
<b>Provision of Water Services (Clause 27)</b>						
The licensee must provide a water service authorised by the licence to persons entitled to the service under the Act, except to the extent otherwise provided for by the Act.	1	Section 21(1)(a)	5	<ul style="list-style-type: none"> <li>The licensee provides irrigation services and non-potable water services under the Act.</li> <li>The licensee's Customer Service Charter sets out the conditions of and process for connecting to the irrigation network. This is also set out in the Rules of Ord Irrigation Cooperative which sets out the responsibilities of the members and the licensee.</li> <li>The OIC modified the boundaries of its operating area to include Stage 2 for the latest version of its ERA operating licence although it is not a certainty that its operations will extend to servicing this area.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Customer Service Charter, August 2013</li> <li>Review of operating area map</li> <li>Inspection of assets</li> </ul>	1
The licensee must offer to provide a water service on reasonable terms, unless provision of the service is not financially viable or is otherwise not practicable, to persons within the operating area who are not entitled to the service under the Act.	2	Section 21(1)(b)	4	<ul style="list-style-type: none"> <li>The OIC has two different types of customer; Members and Non-Members. The conditions for connection are different for the two customer types and these are covered in separate sections in the Charter</li> <li>The water service charges are determined annually and approved by the Board (which is made up from member customers) as part of the budgeting process. The licensee determines reasonable charges based on its costs to operate the system.</li> <li>The OIAMC Board, the asset owner, charges growers on a per hectare fee to fund maintenance/renewals and to also maintain a disaster fund to be used for</li> </ul>	<ul style="list-style-type: none"> <li>Review of annual budget 2014/15</li> <li>Review of Fees &amp; Charges 2014/15</li> <li>Interviews with licensee staff</li> <li>Customer Service Charter, August 2013</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				<p>any works damaged as a result of wet season flooding or any other major incident. The licensee manages the assets under contract to the OIAMC.</p> <ul style="list-style-type: none"> <li>Water service charges are based on a set price per hectare of land. Under the rules of the cooperative, the shareholder members receive an annual allocation of 17 ML/ha of land title area and the licensee charges at \$6/ML. Non-member customers receive an allocation of 12 ML/ha.</li> <li>The licensee advises that there have been no instances where it has discontinued providing a service because it has been not practicable or not financially viable.</li> <li>The irrigation network is limited to the extent of the licensed operating area.</li> </ul>		
The licensee must provide, operate and maintain the water service works specified by the Authority in the licence.	3	Section 21(1)(c)	4	<ul style="list-style-type: none"> <li>The licensee has in place an effective asset management system for the operation and maintenance of its water service works. We have undertaken an asset management review at the same time as this operational audit and the findings of this review are presented later in this report.</li> <li>We inspected the licensee's assets at the time of audit including the Packsaddle pumping station that transfer the irrigation water that growing area, a number of irrigation and drainage channels and a sample of offtake structures and meters.</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review of operating area map</li> <li>Inspection of assets</li> <li>Review of operation and maintenance records</li> <li>Review of licensee performance monitoring and maintenance records</li> </ul>	1
<b>Provision of Water Services Outside Operating Area (Clause 28)</b>						
If the licensee provides a water service outside of the operating area	182	Licence Clause 28.1	4	<ul style="list-style-type: none"> <li>The licensee has not provided a water service outside of the operating area. This</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> </ul>	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
the licensee must apply to amend the licence unless otherwise notified by the Authority.				obligation is not able to be rated for the audit period. ▪ As noted previously, the Licensee modified the boundaries of its operating area to include Stage 2 for the latest version of its ERA operating licence although it is not a certainty that its operations will extend to servicing this area. However, at the present time this area is included within the licensee's approved operating area.	▪ Review of operating area map ▪ Inspection of assets	
The licensee must notify the Authority as soon as practicable before commencing to provide the water service outside of the operating area of the license.	4	Section 22	4	▪ The licensee does not provide a water service outside of the operating area. This obligation is not able to be rated for the audit period.	▪ Interviews with licensee staff	NR
<b>Works Holding Arrangements (Clause 29)</b>						
All water service works used by the licensee in the provision of a water service must be held by the licensee, or must be covered by an agreement whereby the licensee can operate the works so as to comply with its obligations, or must fit in to other prescribed categories under the Act.	5	Section 23	4	▪ The OIAMC is the asset owner for most of the assets in the licensee's irrigation scheme. The licensee has an operating and maintenance agreement with this cooperative that allows it to operate the works so as to comply with its operating licence and the services it is licensed to provide. ▪ The Water Corporation is the asset owner to the main M1 irrigation channel than runs the length of the Ivanhoe Plains irrigation area. The licensee also has an agreement with Water Corporation to undertake operations and maintenance on the channel in order to maintain the licensee's business to deliver water.	▪ Interviews with licensee staff ▪ Review financial records	1
<b>Hardship Policy (Clause 30)</b>						

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
The licensee must comply with the Authority's Financial Hardship Policy Guidelines as they apply to the licensee.	183	Licence Clause 30.3	4	<ul style="list-style-type: none"> <li>The licensee received confirmation from the ERA to confirm that it is exempt from the requirement to have a financial hardship policy in a letter dated 14 February 2014. Therefore this obligation is not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Correspondence with the ERA</li> </ul>	NA
<b>Memorandum of Understanding (Clause 31)</b>						
The licensee must enter into a Memorandum of Understanding with the Department of Health as soon as practicable after the commencement date.	184	Licence Clause 31.1	N/A	<ul style="list-style-type: none"> <li>The licensee does not provide potable water. This obligation is not applicable</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review asset management plan</li> <li>Inspection of assets</li> </ul>	NA
The Memorandum of Understanding must comply with the specified requirements in relation to legal standing of the document and compliance audits by the Department of Health.	185	Licence Clause 31.2	N/A	<ul style="list-style-type: none"> <li>The licensee does not provide potable water. This obligation is not applicable</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review asset management plan</li> <li>Inspection of assets</li> </ul>	NA
The licensee must comply with the terms of the Memorandum of Understanding.	186	Licence Clause 31.3	N/A	<ul style="list-style-type: none"> <li>The licensee does not provide potable water. This obligation is not applicable</li> </ul>	<ul style="list-style-type: none"> <li>Interviews with licensee staff</li> <li>Review asset management plan</li> <li>Inspection of assets</li> </ul>	NA
<b>Performance Standards (Schedule 3)</b>						
The licensee must comply with the service and performance standards as set out in Schedule 3.	190	Section 9	N/A	<ul style="list-style-type: none"> <li>Refer to the observations made for Obligation 161.</li> <li>We confirmed that the licensee has complied with all of the individual performance standards prescribed by the Authority and included in Schedule 3 of the operating licence for the period from 18 November 2013 until the end of the</li> </ul>	<ul style="list-style-type: none"> <li>Operating license</li> </ul>	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence	Compliance Rating
				audit period on 31 May 2015 that this obligation was in place for.		

## 5.2 Asset Management System Review

The following table provides detailed commentary based on the findings observed during the audit process.

**Table 5-1 Asset Management System Review Observations**

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
<b>Asset Planning – Overall Rating: A1</b>		
<ul style="list-style-type: none"> <li>▪ Asset Management Plan covers key requirements</li> <li>▪ Planning processes and objectives reflect the needs of all stakeholders and is integrated with business planning.</li> <li>▪ Service levels are defined.</li> <li>▪ Non-asset options (e.g. demand management) are considered.</li> <li>▪ Lifecycle costs of owning and operating assets are assessed.</li> <li>▪ Funding options are evaluated.</li> <li>▪ Costs are justified and cost drivers identified.</li> <li>▪ Likelihood and consequences of asset failure are predicted.</li> <li>▪ Plans are regularly reviewed and updated.</li> </ul>	<p><b>Overview</b></p> <ul style="list-style-type: none"> <li>▪ Section 2.1.6 of the Asset Management Plan provides an overview of planning and investigation activities.</li> <li>▪ In regards to asset planning, the OIC operates under instruction from the OIAMC. During asset planning activities carried out by the OIC, both the OIC and OIAMC Boards are consulted; the OIC Board in relation to the provided services and the side of the operational activities, the OIAMC in relation to the assets themselves. Any new assets that are created by the OIC are owned by the OIAMC with the exception of some of the assets associated with the SCADA.</li> <li>▪ The OIC has two different customer categories; Members and Non-Members. There are specific rules about each of the customer types and these are outlined in the Customer Service Charter and the Rules of Ord Irrigation Cooperative. The main differences between the two customer types relate to the service levels, how much water the customer requires, the associated charges for the different service levels and the different rights the customer has in regard to a fixed allocation of water. The OIC has recently drafted a new agreement document for Non-Member customers and this will be sent to the ERA for review, comment and approval during 2015.</li> <li>▪ Service Levels for Members and Non-Members are set out in the Customer Service Charter.</li> </ul> <p><b>Asset Planning Strategies</b></p> <ul style="list-style-type: none"> <li>▪ The overall strategy is generally to design infrastructure to provide the bare minimum required to meet increased demand in the system as usually not every customer is requiring water to be delivered to their properties at the same time and this allows more than the minimum supply to be provided. The OIC has rules related to maximum water use and to allow customers to receive more from neighbouring customers to meet specific demands in the system.</li> <li>▪ The water ordering software that the OIC uses has the ability to look at the scheduling of the water orders in order to maximise the available water volumes. If there is an issue with meeting demand and insufficient water, the</li> </ul>	<ul style="list-style-type: none"> <li>▪ OIC Asset Management Plan</li> <li>▪ OIC Policies and Procedures Manual</li> <li>▪ OIC Company Values</li> <li>▪ OIC Risk Management Plan</li> <li>▪ OIC Environmental Management Plan</li> <li>▪ OIC Asset Maintenance Plan</li> <li>▪ OIC Waterman’s Manual</li> <li>▪ Irrigation Channels, Drains and Associated Structures Design Manual</li> <li>▪ Rules of Ord Irrigation Cooperative</li> <li>▪ Water Use Improvement Plan</li> <li>▪ Loc8 Asset Management System</li> <li>▪ O&amp;M Contract with Water Corporation</li> <li>▪ O&amp;M Contract with OIAMC</li> </ul>

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<p>system can cut the order off at the time the customer is making their request and not allow the order to be entered into the ordering system.</p> <ul style="list-style-type: none"> <li>▪ Demand management is included in the design of the irrigation scheme. The system was designed to meet a specified demand. Any new development is required to meet the design rules and not impact on the water deliveries or supply demand of another Member customer.</li> <li>▪ Options reports are prepared when required. At review we sighted the System Expansion Options Report from November 2014 which assessed a channel option and a pumping station option to meet the demand of the proposed extensions to the area. This options report was produced by Harvey Water.</li> </ul> <p><b>Asset Management Plan</b></p> <ul style="list-style-type: none"> <li>▪ Information about the refurbishment, renewals and new capital is included in the Asset Management Plan. The introduction section of the document provides the background to confirm that the Plan has been prepared specifically for the assets owned by Ord Irrigation Asset Mutual Cooperative (OIAMC).</li> </ul> <p><b>Planning Processes and Objectives</b></p> <ul style="list-style-type: none"> <li>▪ The overall strategy used by the OIC and the OIAMC differs from what might be a typical asset management strategy used by more traditional water service providers as the maintenance, renewals and refurbishments are based on the extent of damage incurred during the wet season.</li> <li>▪ The irrigation system was designed in accordance with the Ord Irrigation Design Manual, 1974 to be able to manage a storm event of 1 in 5. Anything in excess of this event results in flooding and has the capacity to cause damage to the assets.</li> <li>▪ When the system was initially designed, it was accepted that there would be flooding when storm events of greater than 1 in 5 were experienced. This was not an issue in relation to the agricultural activities but has become more of an issue as Kununurra has become more urbanised and as the public perception and expectation regarding flooding has changed over time. In addition, flooding of land during the wet season was less of an issue when dwellings were constructed on stilts at higher levels than some of the properties in the town are built now.</li> </ul> <p><b>Asset Management Planning for New Development</b></p>	



Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<ul style="list-style-type: none"> <li>▪ The OIC has a policy for Irrigation Enhancement and Development included in Section 8.5 of its Policies and Procedures Manual. This sets out the OIC's overall role in relation to development and providing its services.</li> <li>▪ There has been no expansion of the existing Stage 1 irrigation area in the last 20 years. A 1,200 ha grower did come online about five years ago but the development was always included in the original Stage 1 development.</li> <li>▪ Assets associated with new development or sub-divisions in the growing area are financial responsibility of the developers/owners. However, as included in the conditions for connection outlined in the Customer Service Charter and the Rules of Ord Irrigation Cooperative, any new irrigation assets are handed over to the OIAMC at no cost to own and manage if the customer wants to be a Member of the Cooperative.</li> <li>▪ The subdivision of existing farms is detrimental to OIC's operations as it generally involves splitting a larger farmed area into smaller hobby farms or retreats that require less water to be delivered to them.</li> <li>▪ The OIC has had minimal involvement with the development of Stage 2 of the Ord Irrigation area. The design work was completed by SunWater and the development was carried out by Land Corp. Land Corp did liaise with the OIC during the process. All of the network servers used for the Stage 2 work are located in OIC's office in Kununurra.</li> <li>▪ The OIAMC has specific rules regarding new assets and development related to its charges for the assets, the land size being connected and the customer drains that flow into the OIAMC-owned drainage system.</li> <li>▪ The OIC has a different set of rules and can be more flexible regarding its charges for the services it provides to new developments, e.g. more flexible operations and pricing paths to allow water demand for a new development to be ramped up over the time it takes for the full extent of the new development to be realised.</li> <li>▪ The state government is looking at making more land in the Packsaddle area of the irrigation district available for development and although this would impact on the OIC's operations and services, the OIC has not been involved in any of the negotiations to date.</li> </ul>	
	<p><b>Asset Lifecycle Costs and Funding</b></p>	
	<ul style="list-style-type: none"> <li>▪ The OIC has a 20 year expenditure plan that sets out the forecast renewals and maintenance requirements. This Plan was initially developed on the basis of broad assumptions that two infrastructure assets (the dethridge wheels) would be replaced in Year 1, five in Year 2 and ten every year after that. However, the Plan has been revised as the OIC now considers that it will only be able to renew five assets each year. In addition, the Plan assumes that one</li> </ul>	

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<p>major asset (e.g. a drop structure) will be replaced every five years and has allowed \$200,000 every five years to cover this work. These forecasts relate to the money that the OIAMC charges customers for the assets and specifically to compete these renewals.</p> <ul style="list-style-type: none"> <li>▪ The asset maintenance budget developed by the OIC has a more detailed works plan for the first five years, based on the maintenance work that the OIC has in hand and knows needs to be completed, and a CPI-increased budget for Years 6-20.</li> <li>▪ The Water Corporation has a separate AMP for the M1 channel. The OIC pays a renewal fee to Water Corporation for the M1 to cover renewals and end of life costs.</li> <li>▪ The OIAMC charges customers a separate fee to include for the end of life costs and renewal of the assets. The renewals fund allows for approximately \$200,000 each year for the OIC to upgrade and replace dethridge wheels.</li> <li>▪ In addition, the charges for the assets issued by the OIAMC allows approximately \$200,000 to be collected every five years for the emergency disaster capital replacement fund. This money is available to respond to storm events greater than 1 in 5 that have the capacity to damage assets in order to complete repair works. This disaster fund currently has \$3.7M available for carrying out major/significant work to renew/replace/repair major assets damaged during a flood incident.</li> <li>▪ The depreciated value of the assets in the irrigation scheme is currently in the order of \$16M. However, the replacement cost is far in excess of this (likely to be \$100M+)</li> <li>▪ Funding options are evaluated when required. The OIC/OIAMC applied for natural disaster state funding to assist with the repair work required to be carried out after the 2013/14 wet season. However, the response was that the OIC/OIAMC were not eligible as they did not own or operate critical public drainage infrastructure.</li> </ul>	

<b>Asset Creation – Overall Rating: A1</b>		
<ul style="list-style-type: none"> <li>▪ Full project evaluations are undertaken for new assets including comparative assessment of non-asset solutions.</li> <li>▪ Evaluations include all life-cycle costs.</li> <li>▪ Projects reflect sound engineering and business decisions.</li> <li>▪ Commissioning tests are documented and completed.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The OIC has an Assets Creation Policy included in Section 6.2 of its Policies and Procedures manual. The Policy also includes an overview procedure.</li> <li>▪ Section 4.5 of the AMP contains the Capital Plan. This provides an overview of the Definition of Capital, the Replacement of Existing Capital, New Capital Investment and the Capital Budget. This information is reviewed annually.</li> <li>▪ The OIAMC own the physical irrigation system assets with the exception of the SCADA, which the OIC owns. Similarly, Water Corporation own the M1 assets with the exception of the SCADA.</li> </ul>	<ul style="list-style-type: none"> <li>▪ OIC Asset Management Plan</li> <li>▪ OIC Policies and Procedures Manual</li> <li>▪ OIC Company Values</li> <li>▪ OIC Risk Management Plan</li> <li>▪ OIC Environmental Management Plan</li> <li>▪ OIC Asset Maintenance Plan</li> </ul>

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
<ul style="list-style-type: none"> <li>▪ Ongoing legal / environmental / safety obligations of the asset owners are assigned and understood.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The new Stage 2 development has new SCADA installed and some of the assets will be transferred to OIC ownership. Some of the physical assets will be transferred to the OIAMC and to Water Corporation (the assets on the M1 channel).</li> <li>▪ The OIC has not installed any new SCADA assets during the review period. The last time new SCADA assets were installed was 5 – 6 years ago. However, it has constructed communication towers, one in each of the last three years and two proposed for the next two years. These costs associated with constructing these towers, approximately \$170,000 each, has been split between the OIC and OIAMC. The physical structures have been transferred to OIAMC ownership and OIC has maintained ownership of the communication assets.</li> <li>▪ The OIC has a Water Use Improvement Plan that looks at a number of demand management components, including system efficiencies, water quality, groundwater management and on-farm efficiencies. This Plan is a requirement in order for the OIC to obtain its water entitlement from the Department of Water (DoW) under the Water &amp; Irrigation Act 1914. The OIC receives a five year licence for its water supply entitlement although this might be extended to ten years under new legislation.</li> <li>▪ However, at the present time, the OIC and the DoW have been unable to agree on an operating strategy. The DoW is looking at reducing the OIC's entitlement from 335 GL/year to 225 GL/year. This decision by the DoW has been based on a 'use it or lose it' approach as the water taken by the OIC in recent years has reduced from previous years. This is largely a result in changes to the primary crops grown by the OIC's customers, and a move away from sugar plantations to other less water demanding crops.</li> <li>▪ The policy approach impacts on the OIC's customers as the water entitlement has been divided up between its Member customers so that the growers are shareholders in the water. This results in each Member having a 17 ML/ha ownership, totaling 254 GL for the shareholders and the OIC keeping an 81 GL share for conveyance to allow for system inefficiencies with the irrigation delivery channels. Although the full allocation may not have been used in recent years, a reduction in the licenced water supply volume would mean that the growers would lose the flexibility that they have regarding the crops they grow.</li> <li>▪ Commissioning tests are completed if required. Gates for dethridge wheels undergo in-situ testing but the towers used for relaying telemetry that the OIC has been involved with constructing over the review period do not go through any commissioning phase.</li> <li>▪ The OIC's Project Officer is a certified meter installer under the IAL (Irrigation Australia Limited) qualification and is responsible for installing new meters and</li> </ul>	<ul style="list-style-type: none"> <li>▪ OIC Waterman's Manual</li> <li>▪ Irrigation Channels, Drains and Associated Structures Design Manual</li> <li>▪ Rules of Ord Irrigation Cooperative</li> <li>▪ Loc8 Asset Management System</li> <li>▪ Water Use Improvement Plan</li> <li>▪ OIC SCADA GUI</li> <li>▪ OIC Quality Management Plan</li> <li>▪ OIC OHS Management Plan</li> <li>▪ O&amp;M Contract with Water Corporation</li> <li>▪ O&amp;M Contract with OIAMC</li> </ul>

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<p>commissioning them. We sighted examples of the meter validation forms and meter test certificates during the review and confirmed that this work is completed. However, the OIC only tests new meters being installed. Over the last five years it has not carried out any verification of in-situ meters although it would if it received any complaint related to water delivery volumes that identified that the issue may be a meter read error.</p> <ul style="list-style-type: none"> <li>▪ Ongoing legal, environmental and safety obligations in relation to asset planning are understood by the OIC, even though they are not the asset owner of the majority of the assets in the scheme. These obligations are covered in detail in the OIC's Environmental Plan, Quality Management Plan and OHS Management Plan. These documents are included in the OIC's overall asset management information system documentation.</li> </ul>	

**Asset Disposal – Overall Rating: A1**

<ul style="list-style-type: none"> <li>▪ Under-utilised and under-performing assets are identified as part of a regular systematic review process.</li> <li>▪ The reasons for under-utilisation or poor performance are critically examined and corrective action or disposal undertaken.</li> <li>▪ Disposal alternatives are evaluated.</li> <li>▪ There is a replacement strategy for assets.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The OIC has an Assets Disposal Policy included in Section 6.2 of its Policies and Procedures manual. The Policy also includes an overview procedure, which sets out when the OIC's assets can become available for disposal. As the OIC is not the asset owner of the majority of the scheme assets, the policy and procedure generally relate to non-fixed assets.</li> <li>▪ As the OIAMC is owner of the majority of the irrigation scheme assets. The main assets owned by the OIC are property/buildings (e.g. the office and depot), plant (including the Rubicon SCADA assets, a recently acquired excavator, truck etc.), vehicles, furniture and fittings and office equipment.</li> <li>▪ The introduction to the AMP clarifies that the document has been prepared specifically for the assets owned by Ord Irrigation Asset Mutual Cooperative (OIAMC). As for asset creation, decisions related to asset disposal of scheme assets are taken by the OIAMC Board and carried out by OIC under instruction and within the O&amp;M agreement that is in place between the OIC and the OIAMC.</li> <li>▪ Asset condition and performance are summarised in Section 2.3.1 of the OIC AMP. This includes the performance and condition ratings used by the OIC during the annual inspection of the assets and the information that is recorded in the asset register included in the asset management system, Loc8. An overview of asset performance requirements is included in Section 2.3.3.</li> <li>▪ The asset performance activities allow the OIC to identify specific assets that are not performing in accordance with the requirements to provide the service and to identify disposal options for that particular asset.</li> <li>▪ The OIC has a number of different refurbishment strategies for the assets. Assets are disposed of and replaced if there are safety reasons to do so or if the infrastructure is damaged and needs to be replaced.</li> </ul>	<ul style="list-style-type: none"> <li>▪ OIC Asset Management Plan</li> <li>▪ OIC Policies and Procedures Manual</li> <li>▪ OIC Company Values</li> <li>▪ OIC Risk Management Plan</li> <li>▪ OIC Environmental Management Plan</li> <li>▪ OIC Asset Maintenance Plan</li> <li>▪ OIC Waterman's Manual</li> <li>▪ Irrigation Channels, Drains and Associated Structures Design Manual</li> <li>▪ Rules of Ord Irrigation Cooperative</li> <li>▪ Loc8 Asset Management System</li> <li>▪ Water Use Improvement Plan</li> <li>▪ OIC SCADA GUI</li> <li>▪ OIC Quality Management Plan</li> <li>▪ OIC OHS Management Plan</li> <li>▪ Correspondence with ERA</li> </ul>
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Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<ul style="list-style-type: none"> <li>▪ Where possible, the OIC undertakes a replacement strategy for the dethridge wheels that allows for rationalisation (e.g. replacing multiple dethridge wheels with a single meter). This allows the program for replacing the dethridge wheels with more accurate meters to be prioritised.</li> <li>▪ The OIC also consults with its customers to ascertain growers who are actively looking to improve water delivery through on-farm efficiencies. This is also taken into account when the OIC is assessing the dethridge wheel replacement program.</li> <li>▪ For the OIAMC replaced meters, the generally policy is to scrap them unless they are still performing adequately, in which case they are kept as spares.</li> <li>▪ For the stone/rock structures that are disposed of, where possible the OIC breaks up the material and reuses it for bank armoring.</li> <li>▪ OIC notified the ERA that it disposed of \$43,000 of assets for 2013/14. This was a result of a review of the OIC asset register and writing-off assets that either didn't exist anymore (e.g. they had already been disposed of) or had depreciated to a level under \$10. OIC also sold one of its vehicle in this year.</li> </ul>	

**Environmental Analysis – Overall Rating: A1**

<ul style="list-style-type: none"> <li>▪ Opportunities and threats in the system environment are assessed.</li> <li>▪ Performance standards (availability of service, capacity, continuity, emergency response, etc.) are measured and achieved.</li> <li>▪ Compliance with statutory and regulatory requirements.</li> <li>▪ Achievement of customer service levels.</li> </ul>	<ul style="list-style-type: none"> <li>▪ OIC assesses opportunities and threats in the system environment in a number of key documents in the Asset Management Information System, including the Risk Management Plan, the Environmental Management Plan and the Quality Management Plan.</li> <li>▪ The external environment risks are assessed in the Risk Management Plan. External compliance and other statutory/legislative requirements are assessed in the Quality Management Plan.</li> <li>▪ OIC has set up its compliance requirements as 'incidents' in the Loc8 asset management system so that reminders are created and emailed to staff in advance of the requirement being needed to be completed. There is also a CEO Checklist that lists all the compliance reporting that needs to be carried out in the year, along with the due dates. The checklist is reviewed and updated every year.</li> <li>▪ Levels of Service are set out in the Customer Service Charter.</li> <li>▪ OIC has performance standards included as a requirement under its operating licence. These include providing annual notice to customers that the water supply is non-potable, resolving &gt;90% of customer complaints within 15 business days, providing &gt;90% of customers at least five business days' notice of planned interruptions and providing a water supply that has &lt;1,200 mg/L TDS.</li> <li>▪ We confirmed during the course of the operational audit that OIC has complied with these performance standards.</li> </ul>	<ul style="list-style-type: none"> <li>▪ OIC Asset Management Plan</li> <li>▪ OIC Policies and Procedures Manual</li> <li>▪ OIC Company Values</li> <li>▪ OIC Risk Management Plan</li> <li>▪ OIC Environmental Management Plan</li> <li>▪ OIC Asset Maintenance Plan</li> <li>▪ OIC Waterman's Manual</li> <li>▪ Irrigation Channels, Drains and Associated Structures Design Manual</li> <li>▪ Rules of Ord Irrigation Cooperative</li> <li>▪ Loc8 Asset Management System</li> <li>▪ Water Use Improvement Plan</li> <li>▪ OIC SCADA GUI</li> <li>▪ OIC Quality Management Plan</li> <li>▪ OIC OHS Management Plan</li> </ul>
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Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<ul style="list-style-type: none"> <li>▪ Compliance with the licence obligations is reported annually to the ERA, including when the OIC has been non-compliant with the requirements. We confirmed the non-compliances reported to the ERA during the course of the operational audit.</li> <li>▪ Water quality information is also reported to the DoW. The DoW have separate water quality requirements for irrigation water. OIC has not breached any of the DoW water quality parameter targets during the review period.</li> <li>▪ In addition to the water quality parameters, OIC also has a requirement under its supply licence with the DoW to have an operational strategy. This is negotiated between OIC and DoW and sets out the operating rules. The strategy is updated every five years when the new licence is agreed. However, as noted previously, due to the DoW seeking to reduce OIC's entitlement, this strategy has not yet been agreed for the next version of the supply licence.</li> <li>▪ OIC has not breached any of the DoW's licence conditions during the review period.</li> <li>▪ OIC has an O&amp;M agreement in place with Water Corporation for the M1 channel. OIC provides information to Water Corporation to assist them with their own licence obligations. There have not been any breaches of Water Corporation's licence obligations related to the M1 channel that OIC operates and maintains.</li> <li>▪ OIC does not have any commitments to the DoH. Water Corporation has certain obligations to DoH related to the Kununurra WWTP that discharges into the M1 irrigation channel. OIC has a commitment to Water Corporation as part of its O&amp;M agreement to assist Water Corporation in meeting their obligations to DoH.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Correspondence with ERA</li> <li>▪ OIC Customer Service Charter, August 2013</li> <li>▪ OIC Water Services Operating Licence WL37, Version 4, 23 December 2013</li> <li>▪ Water Quality Annual Reports 2012, 2013, 2014</li> <li>▪ Performance Reports to the Authority for the year ended 30 June 2012, 2013 and 2014</li> <li>▪ Compliance Reports to the Authority for the year ended 30 June 2012, 2013 and 2014</li> <li>▪ O&amp;M Contract with Water Corporation</li> <li>▪ O&amp;M Contract with OIAMC</li> </ul>

Asset Operations – Overall Rating: A2		
<ul style="list-style-type: none"> <li>▪ Operational policies and procedures are documented and linked to service levels required.</li> <li>▪ Risk management is applied to prioritise operations tasks.</li> <li>▪ Assets are documented in an Asset Register, including asset type, location, material, plans of components, an assessment of assets' physical / structural condition and accounting data.</li> <li>▪ Operational costs are measured and monitored.</li> </ul>	<p><b>Policies</b></p> <ul style="list-style-type: none"> <li>▪ OIC has a number of key operational policy and procedural documents.</li> <li>▪ The Ord Irrigation Design Manual includes the overall principles for how the system is operated and maintained.</li> <li>▪ As noted previously, OIC develops an operating strategy document as a requirement of its water supply licence from the DoW. The current Plan has not been approved as a result of the issues related to DoW seeking to reduce the allocation provided to Ord. This issues has not been able to be resolved and is expected to go to arbitration during 2015/16. At the present time OIC are working to the operating rules set out in the previous operating strategy document.</li> <li>▪ OIC's Policies and Procedures Manual has a section (Section 8) devoted to operations. The policies and procedures included in this section include</li> </ul>	<ul style="list-style-type: none"> <li>▪ OIC Asset Management Plan</li> <li>▪ OIC Policies and Procedures Manual</li> <li>▪ OIC Company Values</li> <li>▪ OIC Risk Management Plan</li> <li>▪ OIC Environmental Management Plan</li> <li>▪ OIC Asset Maintenance Plan</li> <li>▪ OIC Waterman's Manual</li> <li>▪ Irrigation Channels, Drains and Associated Structures Design Manual</li> </ul>

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
<ul style="list-style-type: none"> <li>Staff receives training commensurate with their responsibilities.</li> </ul>	<p>Channels and Drains Chemical Application, Irrigation System Expansion and Enhancement, Rational Sharing of Water, Supply in Years of Reduced Allocation, Irrigator Infrastructure and On Farm Structures.</p> <ul style="list-style-type: none"> <li>Service Levels for Members and Non-Members are set out in the Customer Service Charter.</li> <li>The Asset Management Plan also includes specific information related to asset operations. These include Operational Levels of Service (Section 4.1), Operations Plan (Section 4.2), Maintaining Levels of Service (Section 4.3) and Asset Maintenance Plan (Section 4.4).</li> </ul>	<ul style="list-style-type: none"> <li>Rules of Ord Irrigation Cooperative</li> <li>Loc8 Asset Management System</li> <li>Water Use Improvement Plan</li> <li>OIC SCADA GUI</li> <li>OIC OHS Management Plan</li> <li>Correspondence with ERA</li> <li>OIC Customer Service Charter, August 2013</li> <li>Water Quality Annual Reports 2012, 2013, 2014</li> <li>Performance Reports to the Authority for the year ended 30 June 2012, 2013 and 2014</li> <li>Compliance Reports to the Authority for the year ended 30 June 2012, 2013 and 2014</li> <li>O&amp;M Contract with Water Corporation</li> <li>O&amp;M Contract with OIAMC</li> <li>Rubicon Demand Management Software</li> <li>QuickBooks budgets, forecasts and actual expenditure</li> <li>HR Management Plan</li> </ul>
	<p><b>Operational / Maintenance Procedures and Tasks</b></p> <ul style="list-style-type: none"> <li>OIC has a number of key operational procedure documents, including the Policies and Procedures Manual and the Waterman Manual.</li> <li>The M1 is automated and is operated remotely in gate position control.</li> <li>All assets and structures between the supply points and the farmers' properties are manually controlled.</li> </ul>	
	<p><b>Delivery of Water</b></p> <ul style="list-style-type: none"> <li>The OIC has three operations staff to manage the distribution of water to the customers. These staff work six days on, three days off for 364 days of the year, with Christmas Day being the only day the OIC does not provide water to its customers. However, although the OIC has a full 12 months season, from 1 January to 31 December, the wet season determines when irrigation is required.</li> <li>OIC's customers use a water ordering system to request water. The water ordering system consists of an online system and also an IVR system that interfaces with the online system. However, the OIC is working towards discontinuing the IVR system as it is not utilised by customers as much as the online ordering system. Customers are required to provide at least 24 hours' notice when putting in an order and there is a 10am cut-off for next day delivery. However, if customers no longer require the water they have ordered, the order can be cancelled on the same day. This reduces the volume of wasted water draining back to the river.</li> <li>Customers are billed for the volumes of water that are delivered to them by the OIC. Customers have a mix of dethridge wheels, spurling meters and ATS 4747 compliant meters that record the volumes of water that they receive and are billed for. The Packsaddle Plains area has been used as a trial for Total Channel Control (TCC) and the assets and structures that deliver water to</li> </ul>	

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<p>customers are all automated and can be accessed remotely as opposed to OIC needing to physically open and shut gates to deliver the water.</p>	
	<p><b>Asset Management System</b></p> <ul style="list-style-type: none"> <li>▪ The OIC has implemented Loc8 as its asset management system during the review period. Loc8 has replaced the OIC's previous system, Greenbase. Greenbase was an Access database system that could be used to rank the infrastructure on capacity and condition. However, it was difficult to update with new information and there were issues related to its reporting capabilities. Greenbase had a limited number of in-built reports and the OIC had to engage a consultant to develop any new reports that were identified.</li> <li>▪ The OIC has populated Loc8 with 100% of its assets although not all of specific asset information and detail has been added for each asset. When the system was introduced a decision was made not to include historical asset data and work order information into the new system. As a result, the maintenance history in Loc8 for the OIC's managed assets only goes back to 2013. The OIC has maintained an archived version of Greenbase if it needs to access asset history before 2013 but generally it has not used this information since the time that Greenbase was replaced.</li> <li>▪ One other major advantage that Loc8 has over Greenbase is that it has automated reminders for work orders that are emailed to relevant staff when tasks are due to be carried out. Greenbase's limitations meant that it did not have this function.</li> <li>▪ Financial asset information can be recorded in Loc8, including the original cost, the depreciated cost and the replacement cost. Asset life information is not recorded in the system but generally the OIC does not use asset lives in its lifecycle management of the assets it operates and maintains for the OIAMC and Water Corporation.</li> <li>▪ The system is hosted online and can be set up with specific user log-ins so that the dashboard can be personalised to show specific data, e.g. assets by location/class etc.</li> <li>▪ OIC have 'incidents' set up in Loc8 for work orders. When these are created, a relevant time for the work to be completed is initiated. If incidents are categorised as 'Emergency', the OIC looks to complete them as soon as possible. Lower priority incidents are deferred and are budgeted for completion in future years.</li> <li>▪ OIC's maintenance schedule is developed based on the post-wet inspection of assets. This creates a back-order of maintenance for OIC to complete during the dry season. Unless urgent or critical, a number of types of repair might not be completed until several years after they first occur and are identified.</li> </ul>	



Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<ul style="list-style-type: none"> <li>▪ The irrigation channels and drainage channels are divided up into 1km lengths in the asset register. Remainders of less than 1km are counted as a separate length in the system.</li> <li>▪ The priority for completing work orders is user-set and is not dependent on the asset type.</li> <li>▪ Loc8 creates schedules that provide reminders for the maintenance work needing to be completed. The OIC has also created an asset type of 'ERA Compliance' which allows 'incidents' to be scheduled in Loc8 related to meeting the timeframes associated with ERA and other legislative requirements and obligations.</li> </ul>	
	<p><b>Risk Management</b></p> <ul style="list-style-type: none"> <li>▪ OIC's risk management in relation to its operational tasks are included in the Risk Management Plan.</li> <li>▪ The Water Corporation WWTP that services Kununurra consists of settling ponds and chlorine injection, with the effluent freely discharging into the M1 channel. The OIC considers that the biggest risk to its operations and ability to provide irrigation water to its customers is the discharge of treated effluent into the M1 channel, especially at the start and the end of the growing season.</li> <li>▪ Although there are times when the channel is not used by the OIC to deliver water to customers, the WWTP continues to discharge into the M1 channel. When the OIC needs to start using the channel again, it will initially fill the channel in order to flush it prior to re-filling it to be able to deliver water to customers. At the start and end of the growing seasons, although the channel is charged, the flow velocity along the main channel, into the sub-channels and onto customer's land is low and the treated effluent has a larger impact on the water quality of the water being distributed along the irrigation channels and delivered to the OIC's customers.</li> <li>▪ However, the OIC has no influence on the operations of the WWTP as the Water Corporation owns the M1 channel and has a licence to discharge into it. The OIC considers, especially at the start and end of the growing season, that the water it delivers to customers is not fit for irrigation but is unable to do anything about it.</li> <li>▪ An additional impact on the OIC's operations and the infrastructure that it operates and maintains is the flow of stormwater from Crown and state lands, including the flow of stormwater in the M1 Channel. The drainage channels deliver water back into the Ord River.</li> </ul>	
	<p><b>Asset Register</b></p>	

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<ul style="list-style-type: none"> <li>▪ The OIAMC assets are recorded in Loc8 and this asset register is maintained by OIC under the O&amp;M contract. OIC has a separate Excel-based asset register for the assets it owns.</li> <li>▪ The Asset Explorer section of Loc8 forms the asset register. The individual asset records contain summary asset information, location, technical details and photos. The asset records in Loc8 are interfaced with GIS. Condition and capacity is recorded under the Details tab for each asset. Although the OIC has created a record for each of its assets, the asset information still has to be completed against each record.</li> <li>▪ As-built drawing exist for the entire irrigation scheme and these have also been digitized. There is also a building plan list.</li> <li>▪ The condition ratings used by OIC are set out in the AMP. The AMP also sets out the performance ratings used.</li> <li>▪ Condition information is being input into Loc8 but this is an ongoing process. Asset condition information is available in the OIC's previous asset information system, Greenbase, but this data was not able to be imported into Loc8. OIC maintains the data that was in the Greenbase system but generally does not use it.</li> <li>▪ We recommend that OIC looks to record the asset condition information during the next annual inspection in 2016 and looks to input this data into Loc8. Although OIC has good knowledge relating to its assets and their condition, having a full set of asset condition information in its asset management system would enhance the prioritisation for remedial work and renewals for the capital expenditure program.</li> <li>▪ Although OIC has not completed the input of condition and capacity into the Asset Register for all assets, it considers that in the region of 90% of the assets are in good condition and have good system capacity. Based on our site inspections of the Packsaddle and Ivanhoe Irrigation areas, we consider that the majority of the irrigation assets are in good condition.</li> <li>▪ The OIC considers that 5% of the assets are in good condition but don't meet the capacity that is required of them. These assets are on the Packsaddle area. Although the assets were designed to meet a certain system capacity, the demand has been increased since construction due to sub-divisions of properties and new outlets but there has been no increase to the pumping capacity at the Packsaddle pumping station. This has resulted in issues with meeting peak demand in certain parts of the Packsaddle area. The OIC has a program to address these design issues but it is a medium term project that is expected to be completed over a ten year period.</li> <li>▪ As a result of these issues in meeting peak demand in certain areas, the OIC has a rational water use policy that is used to influence customers' water orders in order to meet the peak system demand.</li> </ul>	

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<ul style="list-style-type: none"> <li>▪ The condition is poor in parts of the irrigation scheme where the assets are impacted by storm damage.</li> </ul> <p><b>Asset Costs</b></p> <ul style="list-style-type: none"> <li>▪ Operational costs are included in the budget breakdowns. Forecasts and actual operating costs are reported to the Board on a monthly basis. The costs are also included in the annual financial accounts.</li> <li>▪ Operational costs are allocated to specific cost centres in the QuickBooks financial system. OIC undertakes regular analysis of the financial position including profit and loss by class and cashflow analysis.</li> <li>▪ OIC also uses WinForecast in its budgeting activities as this system is considered better than QuickBooks for future forecasting. QuickBooks is considered by OIC to be better for reporting of the current financial situation.</li> <li>▪ OIC's energy provider is Horizon and is the only energy provider available to OIC. Energy costs are recorded in QuickBooks based on the invoices that OIC receives. OIC also pays Water Corporation for the water it receives and these invoices are also recorded in QuickBooks. OIC has a separate budget item to record and report Water &amp; Power.</li> <li>▪ OIC's General Manager is responsible for developing the annual budget. The OIC Board also input into the budgeting process and are responsible for signing-off the annual budget. The OIC also presents the budget to the OIAMC Board for input and agreement and there might be several iterations of the budget before both Boards sign-off.</li> <li>▪ OIC has a 20 year financial forecast. The first five years include the maintenance/repair/renewals work that OIC knows it has to complete based on its developed programs and schedules. The remainder of the 20 year forecast is based on an annual CPI increases, presumptions in asset refurbishment program, and asset damage. The forecast is reviewed and updated annually.</li> </ul> <p><b>Staff Training</b></p> <ul style="list-style-type: none"> <li>▪ The licensee currently has a total of 9 full-time staff and 1 part-time staff member. This consists of: <ul style="list-style-type: none"> <li>– General Manager</li> <li>– 3 Water Distribution Officers</li> <li>– 1 Admin Officer (full-time)</li> <li>– 1 Admin Officer (part-time)</li> <li>– Environmental Officer</li> </ul> </li> </ul>	

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<ul style="list-style-type: none"> <li>- Maintenance Officer</li> <li>- Project Manager</li> <li>- Trainee Maintenance Officer</li> <li>▪ The Board wants the business to look to employ one more member of staff to be involved in the higher management of the business.</li> <li>▪ OIC has an HR Management Plan that it uses for staff training.</li> <li>▪ The Plan has skills, knowledge and training matrices and also a safe work procedure record. The skills and knowledge matrices score each member of staff in regards to these areas and allows improvement areas to be identified. The scoring is completed by the General Manager and based on the areas where he considers staff may need to improve.</li> <li>▪ The training matrix is used to identify where training is required for specific job positions within the organisation.</li> <li>▪ The safe work procedure record provides a record of specific training/certification (e.g. working at heights, confined space) that each member of staff has and the dates for renewal of the training/certification.</li> <li>▪ There is an annual staff review process when training needs can be discussed. There are also weekly meeting with the staff when upcoming training courses can be discussed.</li> <li>▪ Each employee maintains their own individual skills record of qualifications and dates for renewal/recertification.</li> <li>▪ OIC uses external contractors for some specific operational tasks. Contractors are used for weed/bank slashing, acrolein injection, and earthworks. Earthworks contractors are used for operating excavators, bobcats, laser bucket scrapers, bulldozers and for road grading activities on the easement road assets owned by the OIAMC.</li> <li>▪ We confirmed that the licensee has developed an HR Management Plan that records includes a skills matrix, knowledge matrix, training course matrix and safe work procedure record for each member of staff and for each position with the business. This allows skills and knowledge gaps to be identified and training courses to rectify these issues to be identified.</li> </ul>	

**Asset Maintenance – Overall Rating: A1**

<ul style="list-style-type: none"> <li>▪ Maintenance policies and procedures are documented and linked to service levels required.</li> <li>▪ Regular inspections are undertaken of asset performance and condition.</li> </ul>	<p><b>Overview</b></p> <ul style="list-style-type: none"> <li>▪ The wet season has the largest impact on the condition and performance of the irrigation assets. The assets have been designed for a 1 in 5 storm event and designed so that anything that exceeds this causes them to flood.</li> <li>▪ The banks of the channels and drains are earth, with maintenance on the irrigation system generally involving repairing the channel and drain banks.</li> </ul>	<ul style="list-style-type: none"> <li>▪ OIC Asset Management Plan</li> <li>▪ OIC Policies and Procedures Manual</li> <li>▪ OIC Company Values</li> <li>▪ OIC Risk Management Plan</li> </ul>
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Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
<ul style="list-style-type: none"> <li>▪ Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule.</li> <li>▪ Failures are analysed and operational / maintenance plans adjusted where necessary.</li> <li>▪ Risk management is applied to priorities maintenance tasks.</li> <li>▪ Maintenance costs are measured and monitored.</li> </ul>	<p>The large infrastructure is generally constructed from concrete or rock, with maintenance on these assets being repair and patching.</p> <ul style="list-style-type: none"> <li>▪ Although the irrigation assets have been designed for a 1 in 5 storm event, any 1 in 2 event overburdens the M1 channel and causes the town to flood. This then overburdens the drainage system that returns the water back to the river. The overburdening of the M1 supply channel impacts on the D1, D2, D4 and D6 drains.</li> <li>▪ As with the other channel and drains, the D1 drain is owned by the OIAMC. The OIAMC has negotiated with the Shire to improve the condition and performance of the D1 to make the drainage from the town acceptable when flooding occurs in the town. The Shire agreed with the OIAMC to take on upgrade works associated with the D2 drain in order to prevent a number of local houses being flooded during the wet season. However, the Shire has not completed this work as it does not have sufficient funds to complete the upgrades.</li> </ul> <p><b>Policies and Procedures</b></p> <ul style="list-style-type: none"> <li>▪ OIC maintenance policies are included in its Asset Management Policy and series of operational policies in the Policies and Procedures Manual.</li> <li>▪ The Irrigation Channel Design Manual is the key high-level maintenance document as it sets out the overall maintenance philosophies for how the system and its assets are to be maintained.</li> </ul> <p><b>Asset Inspections</b></p> <ul style="list-style-type: none"> <li>▪ Asset inspections are completed annually after the end of the wet season to allow for damage to be recorded and reported. There is no specific schedule/inspection route but all assets are inspected. Access to the assets after the wet season is dependent on damage incurred and access to sites. Maintenance activities are dependent on access to contractors.</li> <li>▪ The details from the asset inspections are updated against each asset in Loc8. Each work order logged against an asset in Loc8 provides the date of the last update of the asset record, allowing OIC to track assets that still need to be inspected.</li> </ul> <p><b>Maintenance Plans</b></p> <ul style="list-style-type: none"> <li>▪ OIC also has an Asset Maintenance Plan included in its Asset Management Information System. This includes information for each type of asset, the frequency and schedule of maintenance activities and the required outputs.</li> </ul>	<ul style="list-style-type: none"> <li>▪ OIC Environmental Management Plan</li> <li>▪ OIC Asset Maintenance Plan</li> <li>▪ OIC Waterman's Manual</li> <li>▪ OIC Acrolein Manual</li> <li>▪ Irrigation Channels, Drains and Associated Structures Design Manual</li> <li>▪ Rules of Ord Irrigation Cooperative</li> <li>▪ Loc8 Asset Management System</li> <li>▪ Water Use Improvement Plan</li> <li>▪ OIC SCADA GUI</li> <li>▪ OIC OHS Management Plan</li> <li>▪ Correspondence with ERA</li> <li>▪ OIC Customer Service Charter, August 2013</li> <li>▪ Water Quality Annual Reports 2012, 2013, 2014</li> <li>▪ Performance Reports to the Authority for the year ended 30 June 2012, 2013 and 2014</li> <li>▪ Compliance Reports to the Authority for the year ended 30 June 2012, 2013 and 2014</li> <li>▪ O&amp;M Contract with Water Corporation</li> <li>▪ O&amp;M Contract with OIAMC</li> <li>▪ Rubicon Demand Management Software</li> <li>▪ QuickBooks budgets, forecasts and actual expenditure</li> </ul>

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<ul style="list-style-type: none"> <li>▪ OIC does not have any specific Standard Operating Procedures for its maintenance activities but the schedules provide lists of the tasks that need to be completed.</li> <li>▪ OIC uses Acrolein for weed control in its channels and drains. It drains the channels where it can in order to minimise the weed control maintenance it needs to undertake. The main channels in the system are generally full during the growing season but OIC may shut down a channel if it needs to complete maintenance work. Customers ramp down crop growing as the wet season approaches and crops are generally harvested for the year by the end of October/November.</li> </ul>	
	<p><b>Asset Failure Analysis</b></p> <ul style="list-style-type: none"> <li>▪ The annual inspections are used to analyse asset failures and to adjust maintenance plans. Maintenance schedules are revised based on new damage that has occurred during the wet season and repair work is prioritised based on the criticality of the affected infrastructure. Emergency maintenance is always the highest priority of work to be completed and lower priority repair work may not be completed for a number of seasons.</li> <li>▪ Each 'incident' type in Loc8 has a ranking that allows for prioritisation and a timeframe for the work to be completed. Incidents ranked as 'Hazard' or 'Emergency' in Loc8 are the highest priority jobs and require immediate remedial work.</li> </ul>	
	<p><b>Risk Management</b></p> <ul style="list-style-type: none"> <li>▪ OIC's risk management in relation to its operational tasks are included in the Risk Management Plan.</li> </ul>	
	<p><b>Maintenance Costs</b></p> <ul style="list-style-type: none"> <li>▪ Asset costs are logged in Loc8. As the OIAMC is not the asset owner of the M1 irrigation channel, the OIC records the expenditure for operating and maintaining the channel in its QuickBooks finance system.</li> <li>▪ Maintenance costs are also recorded in QuickBooks. The financial information in the two systems is reconciled against each other.</li> <li>▪ Maintenance costs are split between different asset types but are not broken down to individual asset or component level. The maintenance expenditure is broken up between Planned, Unplanned, Hazard, Emergency and Complaint categories.</li> </ul>	

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<ul style="list-style-type: none"> <li>▪ Maintenance costs are reviewed monthly. OIC also prepares a quarterly costs report to the OIAMC of actual costs compared to budget for the work completed under its O&amp;M agreement.</li> <li>▪ OIC prepares a separate finance report to Water Corporation for costs incurred for work completed on the M1 channel.</li> <li>▪ The OIC has cost centres for channels and drains for budgeting purposes and has components for specific costs, e.g. labour, type of maintenance, signage, de-silting, bank grading etc. This allows OIAMC/Water Corporation to see where the expenditure has been spent.</li> <li>▪ However, although the OIC have an agreement for operations and maintenance work on the M1 with the Water Corporation, the OIC incur the costs associated with this work and only provide it as a record to Water Corporation to allow them to record what work has been done on their asset and the level of expenditure.</li> <li>▪ Costs centres are used in Loc8 to allow the asset expenditure to be allocated to work orders against the specific assets.</li> <li>▪ The asset register records any faults against the asset and any work orders that have been created and completed against the asset.</li> <li>▪ The work orders record the work completed, the times associated with the repair work, logs for comments and other information and any photos of the repair work.</li> <li>▪ Cost information for the work order is recorded against the asset in the Asset Register but the OIC also records this information in a separate Asset Register for the OIAMC, the asset owner. The OIAMC maintains their version of the Register. This separate Register also records details of the original cost, the depreciated value and the replacement cost.</li> </ul>	

**Asset Management Information System – Overall Rating: A1**

<ul style="list-style-type: none"> <li>▪ Adequate system documentation for users and IT operators</li> <li>▪ Input controls include appropriate verification and validation of data entered into the system</li> <li>▪ Logical security access controls appear adequate, such as passwords</li> <li>▪ Physical security access controls appear adequate</li> <li>▪ Data backup procedures appear adequate</li> <li>▪ Key computations related to licensee performance reporting are materially accurate</li> </ul>	<p><b>Overview</b></p> <ul style="list-style-type: none"> <li>▪ The Ord Irrigation Information Management System consists of a series of collated documents, including:               <ul style="list-style-type: none"> <li>– Emergency Information</li> <li>– Policies and Procedures Manual</li> <li>– Safe Work Method Statements (which has procedures for specific O&amp;M activities)</li> <li>– Forms</li> <li>– AMP</li> <li>– Operational Levels of Service (Customer Service Charter)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ OIC Asset Management Plan</li> <li>▪ OIC Policies and Procedures Manual</li> <li>▪ OIC Risk Management Plan</li> <li>▪ OIC Environmental Management Plan</li> <li>▪ OIC Asset Maintenance Plan</li> <li>▪ OIC Waterman’s Manual</li> <li>▪ Irrigation Channels, Drains and Associated Structures Design Manual</li> </ul>
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Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
<ul style="list-style-type: none"> <li>▪ Management reports appear adequate for the licensee to monitor licence obligations</li> </ul>	<ul style="list-style-type: none"> <li>– Quality Management Plan</li> <li>– Risk Management Plan</li> <li>– Environmental Management Plan</li> <li>– Emergency and Contingency Plan</li> <li>– OH&amp;S Management Plan</li> <li>– Asset Maintenance Plan</li> <li>– Acrolein Users' Manual</li> <li>– Annual Budget</li> <li>– Waterman's Manual</li> </ul> <ul style="list-style-type: none"> <li>▪ OIC utilises the following asset information systems:               <ul style="list-style-type: none"> <li>– Loc8, the asset management system used for the OIAMC asset register and for maintenance scheduling. OIC has information for working with Loc8 and for running reports from the system on the assets.</li> <li>– QuickBooks, the financial system. OIC has a manual for using QuickBooks with other system, e.g. the mapping of the financial asset data to the asset register information in Loc8.</li> <li>– SCADA. OIC's SCADA has a GUI schematic of every site/property and this can be used to obtain current real-time operational data.</li> <li>– Rubicon Demand Management Software (DMS). The DMS allows customers to order water deliveries through OIC's website. Customers have their own individual pin number and password. In addition, the IVR system is linked to the DMS and orders made via telephone are automatically transferred into the software.</li> </ul> </li> <li>▪ Manuals and other documentation are maintained for the licensee's corporate systems.</li> </ul> <p><b>Data Entry and Validation</b></p> <ul style="list-style-type: none"> <li>▪ The Water Distribution Officers process the water delivery orders made by the customers every day. The DMS generates a report of the order summary for each operating area. Instructions for using the DMS are included in the Waterman Manual.</li> <li>▪ The DMS has built-in meter read checks that compare the meter read for the delivered water against the volume that was ordered by the customer and provides an alert if it is materially different.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Rules of Ord Irrigation Cooperative</li> <li>▪ Loc8 Asset Management System</li> <li>▪ Water Use Improvement Plan</li> <li>▪ OIC SCADA GUI</li> <li>▪ Rubicon Demand Management Software</li> <li>▪ QuickBooks budgets, forecasts and actual expenditure</li> <li>▪ Examples of monthly reports to the OIC Boards and quarterly reports to the OIAMC Board</li> <li>▪ Water Quality Annual Reports 2012, 2013, 2014</li> <li>▪ Performance Reports to the Authority for the year ended 30 June 2012, 2013 and 2014</li> <li>▪ Compliance Reports to the Authority for the year ended 30 June 2012, 2013 and 2014</li> </ul>



Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<ul style="list-style-type: none"> <li>▪ The DMS compiles meter read information which generates a file of the billing data in Excel and imports this to QuickBooks in order to generate the monthly customer invoices. OIC uses a separate interfacing system called Zed Systems to import the data into QuickBooks.</li> </ul> <p><b>Management Reports</b></p> <ul style="list-style-type: none"> <li>▪ OIC reports monthly to the OIC Board and quarterly to the OIAMC Board. The reports includes profit and loss budget data, balance sheets, complaints, operating and performance statistics and environmental reporting.</li> <li>▪ Performance standards have been reported to the ERA annually and signed-off by the General Manager.</li> <li>▪ Sampling and monitoring data related to irrigation water quality is reported to the Department of Health.</li> </ul> <p><b>Security access of system</b></p> <ul style="list-style-type: none"> <li>▪ OIC has access controls for its desktop PCs, the DMS, Loc8 and its SCADA desktop schematics. The access controls are position-based, allowing staff to be able to see the information that is appropriate to their roles.</li> <li>▪ OIC has a multi-level padlock system for its assets, sites and server room, with a different keys available to different members of staff and contractors. Green padlock (general) can be opened by contractors, green and blue padlocks can be opened by the Water Distribution Officers and red padlocks (restricted) can be opened by electricians.</li> <li>▪ A back-up is made of the server at the end of each day. NAS storage takes a snapshot to record any changes that have been made on the sever in the previous 24 hours. The process is documented in the IT Technical Manual. An offsite back-up is made every week using a 3 tape rotation process.</li> <li>▪ OIC has a back-up generator available for the office. This is able to maintain the Stage 1 severs but is currently not able to cope with the Stage 2 servers which are also stored at the OIC office. OIC is planning to purchase a new diesel back-up generator to be able to provide power to keep all of the servers in the office operating.</li> <li>▪ Every site has SCADA alarms related to performance triggers. The main office is the only site that has an intrusion alarm.</li> </ul>	
<b>Risk Management – Overall Rating: A1</b>		
<ul style="list-style-type: none"> <li>▪ Risk management policies and procedures exist and are being applied to minimise</li> </ul>	<ul style="list-style-type: none"> <li>▪ OIC has a Risk Management Policy included in Section 7.0 of its Policy and Procedures Manual. It also has a separate Risk Management Plan in its overall Asset Management Information System.</li> </ul>	<ul style="list-style-type: none"> <li>▪ OIC Asset Management Plan</li> <li>▪ OIC Policies and Procedures Manual</li> </ul>

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
internal and external risks associated with the asset management system <ul style="list-style-type: none"> <li>▪ Risks are documented in a risk register and treatment plans are actioned and monitored</li> <li>▪ The probability and consequences of asset failure are regularly assessed</li> </ul>	<ul style="list-style-type: none"> <li>▪ The risk assessment is set out in the Risk Management Plan. This includes consequence and likelihood scoring of risk hazards and mitigating actions to control/manage the residual risk. If the mitigating actions require capital expenditure, OIC includes these items in the expenditure forecast/budget.</li> <li>▪ The Risk Management Plan provides an assessment of the business and health, safety and environmental risks, with a separate register recording each of these main risk areas.</li> <li>▪ OIC's risk assessment has identified the key business risks for the organisation as being:                             <ul style="list-style-type: none"> <li>– Risks to OIC resulting from changes in the external environment</li> <li>– Risk from failure of system assets</li> <li>– Risk from Irrigation Operating practices or on farm practices</li> </ul> </li> <li>▪ OIC has also used the risk assessment to identify its highest risks related to health, safety and the environment as being:                             <ul style="list-style-type: none"> <li>– Operation and maintenance of dethridge wheels</li> <li>– Operation of vehicles</li> <li>– Operation of machinery</li> <li>– Working in and around water</li> <li>– Manual handling</li> </ul> </li> <li>▪ The Risk Management Plan is reviewed annually and was last reviewed in April 2015.</li> </ul>	<ul style="list-style-type: none"> <li>▪ OIC Risk Management Plan</li> <li>▪ OIC Environmental Management Plan</li> <li>▪ OIC Quality Management Plan</li> <li>▪ OIC OHS Management Plan</li> <li>▪ OIC Emergency Management Plan</li> <li>▪ OIC Contingency Plan</li> <li>▪ OIC HSE Plan</li> <li>▪ Loc8 Asset Management System</li> </ul>

### Contingency Planning – Overall Rating: A1

<ul style="list-style-type: none"> <li>▪ Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks</li> </ul>	<ul style="list-style-type: none"> <li>▪ OIC's Asset Management Information System includes an Emergency and Contingency Plan. This Plan has been developed by the OIC but under instruction by the OIAMC, who own the assets.</li> <li>▪ The Emergency and Contingency is used to determine the disaster fund maintained by the OIAMC to be used to fund wet season damage. The Plan includes the budget expenditure being collected by the OIAMC from customers to pay for the disaster fund and for structural repairs. The Plan also includes details of key contacts and contractors that the OIC may need to inform in the event of an emergency. The Plan is reviewed by the OIAMC annually.</li> <li>▪ The irrigation system is designed to flood but the issue as regards contingency is related to the damage caused to the OIAMC assets.</li> <li>▪ The OIAMC has defined a 'disaster' within the Plan as an event which causes an outage of all equipment/assets for a period of eight weeks.</li> </ul>	<ul style="list-style-type: none"> <li>▪ OIC Asset Management Plan</li> <li>▪ OIC Policies and Procedures Manual</li> <li>▪ OIC Risk Management Plan</li> <li>▪ OIC Environmental Management Plan</li> <li>▪ OIC Quality Management Plan</li> <li>▪ OIC OHS Management Plan</li> <li>▪ OIC Emergency Management Plan</li> <li>▪ OIC Contingency Plan</li> <li>▪ OIC HSE Plan</li> </ul>
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Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<ul style="list-style-type: none"> <li>▪ The Emergency and Contingency Plan is not tested as part of a schedule of work but is considered to be tested under real conditions when the flooding eventuates. OIC has maintained a record of historical storm events which shows that the irrigation system floods approximately every five years.</li> <li>▪ Although the OIAMC has an Emergency and Contingency Plan, when flooding does occur during the wet season, this is not during the growing season when the irrigation system is in operation. Essentially the operating philosophy of the system provides in the region of three months for the OIC to undertake and repair work in order for the assets to be operating by the time that the customers start to require water to be delivered to their properties.</li> <li>▪ OIC have spare motors, soft starters and VSDs available for use in emergencies. It also has various spare parts stored in the depot situated at the main office site. OIC does not keep an inventory of its spare parts but maintains three spares for its critical spare parts and re-orders if these are used in repair work.</li> <li>▪ OIC has recently purchased an excavator and has budgeted to purchase a tractor in December 2015. This has reduced the costs it previously incurred by having to contract out all of its excavation work. OIC also has a vehicle fleet, and a service truck.</li> <li>▪ Although OIC uses external contractors to complete maintenance and repair work, it considers that appropriate contract staff are sufficiently available in Kununurra.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Site visit to irrigation channels, drainage channels, outlet structures and pumping station</li> <li>▪ Loc8 Asset Management System</li> </ul>

**Financial Planning – Overall Rating: A1**

<ul style="list-style-type: none"> <li>▪ The financial plan states the financial objectives and strategies and actions to achieve the objectives</li> <li>▪ The financial plan identifies the source of funds for capital expenditure and recurrent costs</li> <li>▪ The financial plan provides projections of operating statements (profit and loss) and statement of financial position (balance sheets)</li> <li>▪ The financial plan provide firm predictions on income for the next five years and reasonable indicative predictions beyond this period</li> <li>▪ The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services</li> </ul>	<ul style="list-style-type: none"> <li>▪ OIC system of financial management includes:                             <ul style="list-style-type: none"> <li>– Pricing and Tariffs</li> <li>– Cash flow Model</li> <li>– Projected deliveries</li> <li>– Affordability</li> <li>– Cash Reserves</li> <li>– Expansion considerations</li> <li>– 25 year Plan</li> </ul> </li> <li>▪ Section 6.1 of the Policies and Procedures Manual provides the overall policy for financial management. This is supported by other financial policies.</li> <li>▪ The OIC's goals are included in the 'Our Values' section of the Company Vision, Purpose, Mission and Values section of the Asset Management Information System.</li> </ul>	<ul style="list-style-type: none"> <li>▪ OIC Asset Management Plan</li> <li>▪ OIC Policies and Procedures Manual</li> <li>▪ Loc8 Asset Management System</li> <li>▪ Rubicon Demand Management Software</li> <li>▪ QuickBooks budgets, forecasts and actual expenditure</li> <li>▪ Examples of monthly reports to the OIC Boards and quarterly reports to the OIAMC Board</li> </ul>
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Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
<ul style="list-style-type: none"> <li>Significant variances in actual / budget income and expenses are identified and corrective action taken where necessary</li> </ul>	<ul style="list-style-type: none"> <li>A Capital Expenditure Plan is included in the Asset Management Plan. The AMP also includes a section on financial management.</li> <li>OIC has started a new policy during the review period to accrue a cash reserve for its operating expenditure. This policy has been set at 10% of the OIC's operating costs in order to accrue \$100,000 per year and reach \$500,000 in five years. This policy is now in its second year and has reached a total of \$200,000.</li> <li>OIC uses an external local contractor (CGL) for financial review. The contractor is engaged on a monthly basis to work on financial analysis and reporting and is also involved in providing assistance with the annual budget preparation. OIC also has an accountant who undertakes the annual assessment of the financial accounts.</li> <li>OIC prepares monthly P&amp;L and balance sheets for the Board. In addition, the OIC reports to the OIAMC Board on a quarterly basis to present expenditure and forecasts related to the OIAMC-owned assets.</li> <li>The financial budget includes O&amp;M, administration and capital expenditure costs for the OIC. Any capital expenditure for the irrigation assets is transferred straight into the OIAMC budget/forecasts.</li> </ul>	

**Capital Expenditure Planning – Overall Rating: A1**

<ul style="list-style-type: none"> <li>There is a capital expenditure plan that covers issues to be addressed, actions proposed, responsibilities and dates</li> <li>The plan provides reasons for capital expenditure and timing of expenditure</li> <li>The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan</li> <li>There is an adequate process to ensure that the capital expenditure plan is regularly updated and actioned</li> </ul>	<ul style="list-style-type: none"> <li>Section 4.5 of the Asset Management Plan is the Capital Plan. This section includes the definition of capital, replacement of existing capital, new capital investment and the capital budget.</li> <li>The OIC manages a capex program on behalf of the OIAMC to replace dethridge wheels in the district. However, as each replacement costs in the order of \$40,000 to upgrade a dethridge wheel to an ATS 4747 compliant meter, only 3 – 5 are being replaced each year and it is a long-term plan that the OIC expects to take more than 30 years to complete.</li> <li>The forecast capital expenditure is included in the overall 20 year financial plan. The first five years is a more accurate detailed plan of the work the OIC knows it needs to undertake. However, this is not developed in terms of specific projects. Instead OIC has completed a review of its historic expenditure and observed that the expenditure has been relatively consistent over each of the last five years. We assessed this analysis during the review and confirmed that the expenditure incurred by OIC over the last five years has been relatively stable.</li> <li>The remainder of the plan is based on annual CPI increases. Costs are not broken down to specific assets, only the type/class.</li> <li>As a result of the seasonal damage that impacts on the assets, OIC has moved away from using a more traditional asset life approach to its future forecasting. The OIC has observed that some outlet assets have had to be replaced in less</li> </ul>	<ul style="list-style-type: none"> <li>OIC Asset Management Plan</li> <li>OIC Policies and Procedures Manual</li> <li>Loc8 Asset Management System</li> <li>Rubicon Demand Management Software</li> <li>QuickBooks budgets, forecasts and actual expenditure</li> <li>Examples of monthly reports to the OIC Boards and quarterly reports to the OIAMC Board</li> </ul>
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Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<p>than half of the asset life due to the condition and performance being adversely affected by wet season flooding. Given the OIC's specific circumstances, we consider that its approach is appropriate, although it may make longer-term forecasting more problematic.</p> <ul style="list-style-type: none"> <li>▪ In addition to asset replacement for condition and performance issues, OIC also undertakes asset replacements for asset rationalisation, operational purposes, precision agricultural reasons and efficiency.</li> <li>▪ Although Loc8 has the ability to develop replacement profiles, OIC has not utilised this function and due to the issues associated with its replacement forecasting outlined above, it does not have any plans to utilise this tool.</li> <li>▪ OIC has a good knowledge of the assets that need to be replaced. It has a number of advantages over the more traditional water service providers in that the assets are generally above ground and can be more easily inspected and the water distribution staff are more actively engaged with the assets in providing the service. In addition, OIC's customers provide feedback on asset condition and performance for the assets that are adjacent to their property and which are directly responsible for delivering their water orders.</li> </ul>	

**Review of Asset Management System – Overall Rating: A1**

<ul style="list-style-type: none"> <li>▪ A review process is in place to ensure that the asset management plan and asset management system described therein are kept current</li> <li>▪ Independent reviews (e.g., internal audit) are performed of the asset management system</li> </ul>	<ul style="list-style-type: none"> <li>▪ OIC's new Asset Management Information System series of documents was developed in 2014. The documents are reviewed annually and the current version of the Asset Management Plan was reviewed and updated in April 2015.</li> <li>▪ Quality system requirements, including document and system review, document control, audits and inspections and quality management responsibilities are outlined in the OIC Quality Management Plan.</li> <li>▪ External review of the AMS is undertaken as part of Clause 20 of licensee's licence under the Act. The last review was undertaken for the three year period ending 31 May 2012. No other intermediary reviews have been undertaken between the previous review and this review which covers the period 1 June 2012 to 31 May 2015.</li> <li>▪ OIC has reported as required to the ERA on progress against the actions and recommendations identified in the previous operational licence audit and asset management system review.</li> <li>▪ The AMS is reviewed and updated annually as part of the budget process. The AMS was last reviewed in April 2015.</li> <li>▪ The AMS is considered fit-for-purpose and suitable for the organisation.</li> <li>▪ OIC has been audited for HSE compliance with appropriate legislation as part of its Safety Management Plan.</li> </ul>	<ul style="list-style-type: none"> <li>▪ OIC Asset Management Plan</li> <li>▪ OIC Policies and Procedures Manual</li> <li>▪ OIC Quality Management Plan</li> <li>▪ Ord Irrigation Cooperative Limited, Operational Audit and Asset Management System Review, Final Report, November 2012</li> </ul>
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Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<ul style="list-style-type: none"><li>▪ OIC is working towards ISO accreditation for Quality Management, Environmental Management and OH&amp;S Management and expected to be audited on these components within the next 12 months.</li><li>▪ The Water Use Improvement Plan that OIC develops as part of its water allocation licensing from DoW forms part of its overall operating strategy and has to be approved by the DoW. As noted previously in this report, the latest version of the Plan is currently being negotiated with the DoW.</li></ul>	

## 6 Recommendations

### 6.1 Performance Audit

**Table 6-1 Table of Current Non Audit Compliances and Recommendations**

A. Resolved during current audit period			
Manual Ref.	Non-Compliance/Controls Improvement  (Rating / Legislative Obligation / Details of Non-Compliance or inadequacy of controls)	Date Resolved (& management action taken)	Auditor's Comments
B. Unresolved at end of current Audit period			
Reference (no./year)	Non-Compliance/Controls Improvement  (Rating / Legislative Obligation / Details of Non-Compliance or inadequacy of controls)	Auditor's recommendation	Management action taken by end of Audit Period
	A2 <i>Water Services Act 2012, Clause 5.1</i>	Refer to the relevant recommendations included in this table.	
A1/2015	The licensee has not complied with all applicable legislation. We have identified a number of non-compliances with applicable legislation as follows: <ul style="list-style-type: none"> <li>▪ Section 27 – Requirements for Licences (Obligation 11)</li> <li>▪ Section 29 – Duties of the Licensee (Obligation 12)</li> </ul>		
A2/2015	A2 <i>Water Services Act 2012, Section 27, Clause 5.3</i>  The licensee has not complied with all of the obligations of the <i>Water Services Code of Conduct (Customer Service Standards) 2013</i>	We recommend that the licensee address the recommendations A3/2015 to A7/2015.	
A3/2015	B2 <i>Water Services Code of Conduct (Customer Service Standards) 2013, Clause 21(1)</i>  The Licensee does not accept payments by all the prescribed methods under Clause 21(1) of the Code as it does not accept payments by direct debit, Centrepay or telephone.	We are required under the audit guidelines to recommend that OIC address the observed non-compliance and provide direct debit and Centrepay options for payment from non-member customers.  We note, however, that it may be impractical for OIC to do so, given the type of business operated by the licensee and the order of	

B. Unresolved at end of current Audit period			
Reference (no./year)	Non-Compliance/Controls Improvement  (Rating / Legislative Obligation / Details of Non-Compliance or inadequacy of controls)	Auditor's recommendation	Management action taken by end of Audit Period
	<p>Under the <i>Water Services Act 2012</i> definition, a customer is 'a person to whom water services are provided by the licensee or who is entitled to the provision of water services by the licensee, other than a person who is a member of the licensee'.</p> <p>Therefore, the licensee does not have to make these payment methods available to its member customers but does to its non-member customers.</p> <p>As a result the licensee is not in compliance with all of the payment method requirements included in the Code, with regard to its non-member customers.</p>	<p>magnitude of the invoices that customers pay.</p> <p>The licensee has a very small customer base and the fees associated with the implementation of a direct debit payments may not make this a financially viable option for the licensee. Centrepay is unlikely to be an appropriate payment method for an irrigation business.</p> <p>OIC notes that it will continue to monitor and determine the suitability of existing customer payment options.</p>	
A4/2015	<p><i>B2</i></p> <p><i>Water Services Code of Conduct (Customer Service Standards) 2013, Clause 22</i></p> <p>The licensee does not accept payments by direct debit. Therefore, it does not obtain customer consent for direct debits</p>	Refer to A3/2015	
A5/2015	<p><i>B2</i></p> <p><i>Water Services Code of Conduct (Customer Service Standards) 2013, Clause 23(1)</i></p> <p>The licensee does not accept payment in advance from a customer on a customer's request.</p> <p>This option is not offered as the licensee considers that it is too difficult to manage in terms of the cash flow coming into the business. Different water ordering deliveries during the year mean that it is difficult to accurately predict the volume of water that a customer may require and the cost that this might incur.</p>	<p>We are required under the audit guidelines to recommend that OIC address the observed non-compliance and provide a payment in advance option for non-member customers. We note, however, that it may be impractical for OIC to do so.</p> <p>OIC notes that it will continue to monitor and determine the suitability of existing customer payment options.</p>	
A6/2015	<p><i>B2</i></p> <p><i>Water Services Code of Conduct (Customer Service Standards) 2013, Clause 36(1)</i></p>	We recommend that the licensee looks to advertise these specific services in the next update of the Customer Service Charter.	



B. Unresolved at end of current Audit period			
Reference (no./year)	Non-Compliance/Controls Improvement  (Rating / Legislative Obligation / Details of Non-Compliance or inadequacy of controls)	Auditor's recommendation	Management action taken by end of Audit Period
	The licensee does not advertise the specified services as being available to customers. The licensee considers that if they were asked to provide them by a customer, they would ensure that the request was completed and at no charge to the customer.		
A7/2015	<p><i>B2</i></p> <p><i>Water Services Code of Conduct (Customer Service Standards) 2013, Clause 37(1)</i></p> <p>As noted above, the licensee does not advertise the services provided under clause 36 of the Code. Although it has never been asked to provide the services, we consider that this is a minor non-compliance.</p>	As above, we recommend that the licensee advertises these services as being available in its next update of the Customer Service Charter so that customers are aware of them.	
A8/2015	<p><i>A2</i></p> <p><i>Water Services Act 2012, Section 12, Licence Clause 5.3</i></p> <p>The licensee has not complied with all of the obligations of the <i>Water Services Code of Conduct (Customer Service Standards) 2013</i></p>	Refer to A2/2015	
A9/2015	<p><i>A2</i></p> <p><i>Water Services Act 2012, Section 12, Licence Clause 16.3</i></p> <p>The licensee has submitted the data required for performance reporting purposes that is specified in Water Compliance Reporting Manual after the due date for two of the three years in the audit period.</p>	<p>OIC has input schedules into Loc8 to email reminders of due dates for ERA-related submissions and also has this information included in the CEO Checklist.</p> <p>Therefore, submission of regulatory information within specified timeframes is not expected to be an issue going forwards and there are no further recommendations.</p>	
A10/2015	<p><i>B2</i></p> <p><i>Water Services Act 2012, Section 29, Licence Clause 26</i></p> <p>The licensee has not complied with all the duties imposed on it by the Act as it was unable to meet all Code requirements.</p>	Refer to recommendation A2/2015.	

## 6.2 Asset Management System Review

**Table 6-2 Table of Current Review Asset System Deficiencies/Recommendations**

A. Resolved during current audit period			
Ref.	Asset System Deficiency  (Rating / Asset Management System Component & Effectiveness Criteria / Details of Asset System Deficiency)	Date Resolved (& management action taken)	Auditor's Comments

B. Unresolved at end of current Audit period			
Reference (no./year)	Asset System Deficiency  (Rating / Asset Management System Component & Effectiveness Criteria / Details of Asset System Deficiency)	Auditor's recommendation	Management action taken by end of Audit Period

A2

*Asset Operations - Assets are documented in an Asset Register including asset type, location, material, plans of components, and an assessment of assets' physical/structural condition and accounting data.*

We recommend that OIC looks to record the asset condition information during the next annual inspection in 2016 and looks to input this data into Loc8.

R1/2015

Condition information is being input into Loc8 but this is an ongoing process. Asset condition information is available in the OIC's previous asset information system, Greenbase, but this data was not able to be imported into Loc8. OIC maintains the data that was in the Greenbase system but generally does not use it.

Although OIC has good knowledge relating to its assets and their condition, having a full set of asset condition information in its asset management system would enhance the prioritisation for remedial work and renewals for the capital expenditure program.

## 7 Confirmation of the Audit/Review

I confirm that the audit/review carried out at the Ord Irrigation Cooperative on Tuesday 2 and Wednesday 3 June 2015 and recorded in this report is an accurate presentation of our findings and opinions.



Justin Edwards  
Cardno (QLD) Pty Ltd  
515 St Paul's Terrace  
Fortitude Valley QLD 4006

17 August 2015

# Ord Irrigation Cooperative



## Types of Compliance Risk

Type of Risk	Examples
Supply quality and reliability	Delays in new connections, excessive supply interruptions, supply quality standards not met.
Consumer protection	Customer service levels not met, incorrect bills, disconnection and reconnection standards not met, customers unable to access financial hardship assistance.
Legislation/licence	Breach of industry Acts, regulations and codes, contravention of licence conditions.

## Risk Assessment Rating Scales

The consequence, likelihood, inherent risk and adequacy of internal controls are assessed using a 3-point rating scale as described below. The rating scale is as per the Economic Regulation Authority's Audit and Review Guidelines: Water Licences, July 2014.

### Consequence Rating

The consequence rating scale is outlined below.

Rating	Supply Quality and Reliability	Consumer Protection	Breaches of Legislation or Other Licence Conditions
1 Minor	Breaches of supply quality or reliability standards – affecting small number of customers. Delays in providing a small proportion of new connections.	Customer complaints procedures not followed in a few instances. Small percentage of disconnections or reconnections not completed on time. Small percentage of bills not issued on time.	Legislative obligations or licence conditions not fully complied with, minor impact on customers or third parties. Compliance framework generally fit for purpose and operating effectively.
2 Moderate	Supply quality breach events that significantly impact customers; large number of customers affected and/or extended duration and/or damage to customer equipment. Supply interruptions affecting significant proportion of customers on the network for up to one day. Significant number of customers experiencing excessive number of interruptions per annum. Significant percentage of new connections not provided on time/ some customers experiencing extended delays.	Significant percentage of complaints not being correctly handled. Customers not receiving correct advice regarding financial hardship. Significant percentage of bills not issued on time. Ongoing instances of disconnections and reconnections not completed on time, remedial actions not being taken or proving ineffective. Instances of wrongful disconnection.	More widespread breaches of legislative obligations or licence conditions over time. Compliance framework requires improvement to meet minimum standards.
3 Major	Supply interruptions affecting significant proportion of customers on the network for more than one day. Majority of new connections not completed on time/ large number of customers experiencing extended delays.	Significant failure of one or more customer protection processes leading to ongoing breaches of standards. Ongoing instances of wrongful disconnection.	Wilful breach of legislative obligation or licence condition. Widespread and/or ongoing breaches of legislative obligations or licence conditions. Compliance framework not fit for purpose, requires significant improvement.

## Likelihood Ratings

The likelihood rating scale is described below.

Level	Description
A Likely	Non-compliance is expected to occur at least once or twice a year
B Probable	Non-compliance is expected to occur once every three years
C Unlikely	Non-compliance is expected to occur once every 10 years or longer

## Inherent Risk Assessment Rating and Description

The inherent risk rating is based on the combined consequence and likelihood rating. The inherent risk assessment rating scale and descriptions are outlined below.

Likelihood	Consequence		
	Minor	Moderate	Major
Likely	Medium	High	High
Probable	Low	Medium	High
Unlikely	Low	Medium	High

Level	Description
High	Likely to cause major damage, disruption or breach of licence obligations
Medium	Unlikely to cause major damage but may threaten the efficiency and effectiveness of service
Low	Unlikely to occur and consequences are relatively minor

## Adequacy Ratings for Existing Controls

The adequacy of existing internal controls is also assessed based on a 3-point scale as indicated below.

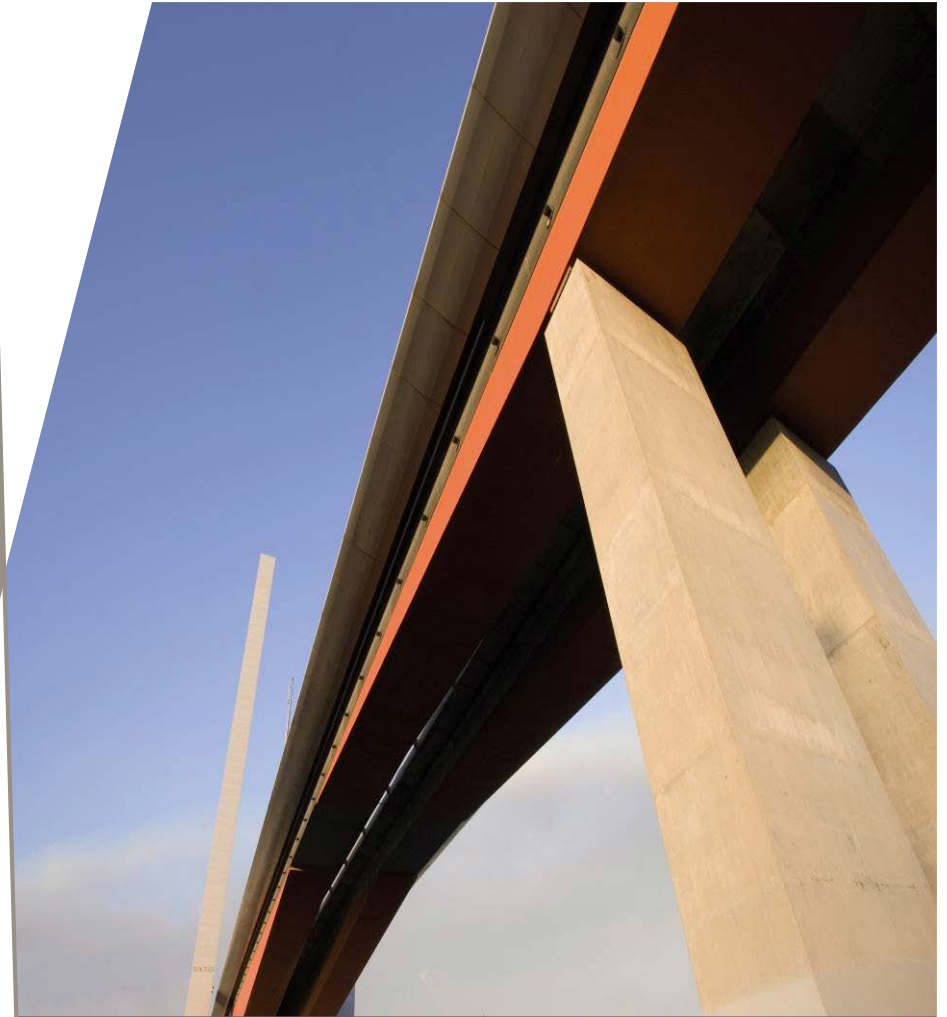
Level	Description
Strong	Controls that mitigate the identified risks to an appropriate level
Moderate	Controls that only cover significant risks; improvement required
Weak	Controls are weak or non-existent and have minimal impact on the risks

## Assessment of Audit Priority

The assessment of audit priority is used to determine the audit objectives, the nature of audit testing and the extent of audit testing required. It combines the inherent risk and risk control adequacy rating to determine the priority level.

Inherent Risk	Adequacy of Existing Controls		
	Weak	Medium	Strong
High	Audit Priority 1	Audit Priority 2	
Medium	Audit Priority 3	Audit Priority 4	
Low	Audit Priority 5		

# Ord Irrigation Cooperative



## Compliance Assessment Rating Scale

In accordance with the Economic Regulation Authority's Audit and Review Guidelines: Water Licences, July 2014, a combination of audit compliance and controls ratings have been adopted to assess the licensee's compliance against each licence condition. The rating scale and description of compliance is outlined below. These are based on the Economic Regulation Authority's Audit and Review Guidelines: Water Licences, July 2014.

Adequacy of Controls Rating		Compliance Rating	
Rating	Description	Rating	Description
A	Adequate controls – no improvement needed	1	Compliant
B	Generally adequate controls – improvement needed	2	Non-compliant – minor impact on customers or third parties
C	Inadequate controls – significant improvement required	3	Non-compliant – moderate impact on customers or third parties
D	No controls evident	4	Non-compliant – major impact on customers or third parties

## Asset Management Review Rating Scales

The asset management review utilises a combination of asset management adequacy ratings and asset management performance ratings, which are outlined below. These are based on the Economic Regulation Authority's Audit and Review Guidelines: Water Licences, July 2014.

### Asset Management Adequacy Ratings

Rating	Description	Criteria
A	Adequately defined	<ul style="list-style-type: none"> <li>▪ Processes and policies are documented.</li> <li>▪ Processes and policies adequately document the required performance of the assets.</li> <li>▪ Processes and policies are subject to regular reviews, and updated where necessary.</li> <li>▪ The asset management information system(s) are adequate in relation to the assets that are being managed.</li> </ul>
B	Requires some improvement	<ul style="list-style-type: none"> <li>▪ Process and policy documentation requires improvement.</li> <li>▪ Processes and policies do not adequately document the required performance of the assets.</li> <li>▪ Reviews of processes and policies are not conducted regularly enough.</li> <li>▪ The asset management information system(s) require minor improvements (taking into consideration the assets that are being managed).</li> </ul>
C	Requires significant improvement	<ul style="list-style-type: none"> <li>▪ Process and policy documentation is incomplete or requires significant improvement.</li> <li>▪ Processes and policies do not document the required performance of the assets.</li> <li>▪ Processes and policies are significantly out of date.</li> <li>▪ The asset management information system(s) require significant improvements (taking into consideration the assets that are being managed).</li> </ul>



Rating	Description	Criteria
D	Inadequate	<ul style="list-style-type: none"> <li>▪ Processes and policies are not documented.</li> <li>▪ The asset management information system is not fit for purpose (taking into consideration the assets that are being managed).</li> </ul>

**Asset Management Performance Ratings**

Rating	Description	Criteria
1	Performing effectively	<ul style="list-style-type: none"> <li>▪ The performance of the process meets or exceeds the required levels of performance</li> <li>▪ Process effectiveness is regularly assessed and corrective action taken when necessary</li> </ul>
2	Opportunity for improvement	<ul style="list-style-type: none"> <li>▪ The performance of the process requires some improvement to meet the required level</li> <li>▪ Process effectiveness reviews are not performed regularly enough</li> <li>▪ Process improvement opportunities are not actioned</li> </ul>
3	Corrective action required	<ul style="list-style-type: none"> <li>▪ The performance of the process requires significant improvement to meet the required level</li> <li>▪ Process effectiveness reviews are performed irregularly or not at all</li> <li>▪ Process improvement opportunities are not actioned</li> </ul>
4	Serious action required	<ul style="list-style-type: none"> <li>▪ Process is not performed or the performance is so poor that the process is considered to be ineffective</li> </ul>