



Notice

30 July 2024

TMC Witchcliffe Pty Ltd

Compliance enforcement action - 2023 operational audit and asset management system review

The Economic Regulation Authority has served TMC Witchcliffe Pty Ltd with a compliance enforcement (rectification) [notice](#) for breaching its licence conditions, including having an ineffective asset management system.

This action follows the ERA's consideration of the 2023 operational audit and asset management system review [report](#) for water services licence WL50.

TMC Witchcliffe provides non-potable water supply and sewerage services to the Witchcliffe Ecovillage approximately 10 kilometres south of Margaret River. TMC Witchcliffe is developing the scheme in a staged manner on approximately 119 hectares, and when completed will provide sewerage services to approximately 414 residential and commercial lots. As of 1 May 2024, TMC Witchcliffe supplied services to 100 occupied homes, with a further 35 properties due for connection within six months.

The ERA's decision

The ERA considers that TMC Witchcliffe has achieved a poor level of compliance with its licence. TMC Witchcliffe has not implemented a Family Violence Policy, not joined the Water Ombudsman Scheme, and was found to have an ineffective asset management system, all of which are serious breaches of its licence.

Audit and review period

The ERA has decided to maintain the audit and review period at 24 months, which is the shortest period allowed under the *Water Services Act 2012*. The next audit and review will cover the period 1 December 2023 to 30 November 2025, with the report due by 28 February 2026.

Compliance rectification notice

The auditor found 21 non-compliances with TMC Witchcliffe's licence, and 24 deficiencies with the asset management system. Due to the number and nature of the deficiencies, the auditor rated TMC Witchcliffe's asset management system ineffective, which is a non-compliance with its licence.

Due to the seriousness of the non-compliances, the ERA has served a rectification notice on TMC Witchcliffe under section 31 of the *Water Services Act 2012*. The notice requires TMC Witchcliffe to rectify the non-compliances by implementing all the auditor's recommendations by the dates set out in the rectification notice.

Audit and review findings

Audit

The audit of the 184 licence obligations applicable to TMC Witchcliffe found 21 non-compliances and 23 control deficiencies.

The main non-compliances and control deficiencies were that TMC Witchcliffe:

- Did not have a Family Violence Policy.
- Has not joined the Water Ombudsman Scheme since it started providing sewerage services to customers in July 2023.
- Has an ineffective asset management system.
- Has an incomplete complaints procedure.
- Did not include specified information in its bills, including customer payment options and the fees or charges that may be incurred for each payment option.
- Did not have a website to publish information and documents for its customers to access, including a Family Violence Policy, Financial Hardship Policy, complaints procedure, connection information, bill review procedure and information on fees and charges.

The auditor made 10 recommendations to address the non-compliances.

Review

The assessment of the 58 asset management system effectiveness criteria prescribed in the ERA's *2019 Audit and Review Guidelines: Water Licences* found 24 asset management system deficiencies, although the auditor reported TMC Witchcliffe had provided a satisfactory level of service to customers.

Of particular concern is that:

- The Asset Management Plan was outdated, as it had not been reviewed since its development in June 2017.
- The Asset Management Plan did not include a contingency or response plan in the event of a bore, wastewater treatment plant or distribution pipes failure.
- TMC Witchcliffe did not have an equipment failure analysis process, a comprehensive risk assessment process or equipment maintenance plans to inform maintenance prioritisation.
- TMC Witchcliffe did not have, or use, management reports to monitor compliance with its licence obligations, such as a compliance register.

The auditor made six recommendations to address the deficiencies.

Further information

General enquiries

Alex Kroon
Ph: 08 6557 7989
info@erawa.com.au

Media enquiries

Ph: +61 428 859 826
media@erawa.com.au