



Aqua Ferre (Muchea) Pty Ltd

**2025 Operational Audit and Asset Management System Review
Water Services Licence WL51**

Report

**Economic Regulation Authority
June 2025**

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Limitations of this Report

This report was prepared for distribution to the Economic Regulation Authority and Aqua Ferre (Muchea) Pty Ltd for the purpose of fulfilling Aqua Ferre's operational audit and asset management system review obligations under its Water Services Licence. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the Economic Regulation Authority and Aqua Ferre (Muchea) Pty Ltd or for any purpose other than that for which it was prepared.

Because of the inherent limitations of any internal control environment, it is possible that fraud, error or non-compliance may occur and not be detected. An audit is not designed to detect all instances of non-compliance with the procedures and controls over the licence obligations of the Water Services Licence, since we do not examine all evidence and every transaction. The audit and review conclusions expressed in this report have been formed on this basis.

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1. Independent Auditor's Report

Scope

Aqua Ferre (Muchea) Pty Ltd (trading as 'Muchea Water') has a Water Services Licence, issued by the Economic Regulation Authority ('ERA') under the *Water Services Act 2012* ('Act'), for the provision of potable water supply in estates in Muchea, Western Australia. Muchea Water is required to comply with the terms and conditions of their license. There was one version of the Water License WL51 in operation over the audit period:

- Version 3 (From 28 October 2020 and onwards).

We have performed a reasonable assurance engagement on Muchea Water's compliance, in all material respects, with the conditions of WL51 and the *Water Services Act 2012* for the period from the previous audit from 1 March 2022 to 28 February 2025.

Our evaluation was made against the licence obligations listed in the Water Compliance Reporting Manual (October 2021 and July 2024) and in accordance with the ERA's 2019 Audit and Review Guidelines: Water Licences (updated August 2022).

The scope of this assurance work relates to assessing Muchea Water's systems and effectiveness of processes and regulatory controls to ensure compliance with the obligations, standards, outputs and outcomes required by the Licence issued under the Act.

Modified Opinion

In our opinion, based on the procedures performed as outlined in the Audit Plan approved by the Economic Regulation Authority and the evidence we have obtained, except for the effects of the matters described in the Basis for Modified Opinion paragraph below, Aqua Ferre (Muchea) Pty Ltd has complied, in all material respects, with its licence conditions and relevant legislative obligations for the period 1 March 2022 to 28 February 2025.

Basis for Modified Opinion

During the period 1 March 2022 to 28 February 2025, out of 209 applicable licence obligations, there were 3 non-compliances with moderate impact on customers and 6 non-compliances with minor impact on customers. The non-compliances are outlined below.

Reporting Manual number and Licence condition		Issue
<i>The following obligations were assessed as "Non-Compliant – Moderate Impact".</i>		
115	Review of Billing	
116	<i>Water Services Code of Conduct (Customer Service Standards) 2024 - Clause 22(2) and (4)</i> The review procedure in clause 22(1) must include the specified information and be available on the licensee's website and a hardcopy provided to a customer upon request at no charge. <i>Water Services Code of Conduct (Customer Service Standards) 2024 - Clause 22(3)</i> The review procedure must state that the customer may but is not required to, use the licensee's complaints procedure mentioned in clause 46 before or instead of applying to the water services ombudsman or, if available, making an appeal from, or applying for a review of, the decision under regulations mentioned in section 222(2)(k) of the Act.	The Review of Billing Procedure includes the specified information as per Clause 22(2) & (3) including referral to the ombudsman if not satisfied. However, the procedures do not include making an appeal to the State Administrative Tribunal, as per Clause 22(3)(b) below. <i>Clause 22(3) - In relation to subclause (2)(c), the review procedure must state that the customer may, but is not required to, use the licensee's complaints procedure mentioned in clause 49 before or instead of:</i> <i>(a) applying to the water services ombudsman under a scheme approved under section 65 in respect of the complaint; or</i> <i>(b) making an appeal from, or applying for a review of, the decision that gave rise to the customer's request for review, if an appeal or review is available under regulations mentioned in section 222(2)(k).</i> Under Section 222(2)(k), the procedures should also provide for appeals from, or the review of, decisions under this Act, including by providing for applications to be made to the State Administrative Tribunal for the review of such decisions.

Reporting Manual number and Licence condition		Issue
154A	Website Code of Conduct <i>Water Services Code of Conduct (Customer Service Standards) 2024 - Clause 154A</i> The licensee must ensure that its website contains a link to the current version of this code appearing on the WA legislation website.	The Muchea Water website has a link to the previous 2018 Code of Conduct on the home page. There is no link to the current version of the <i>Water Services Code of Conduct (Customer Service Standards) 2024</i> on the WA legislation site.
<i>The following obligations were assessed as “Non-Compliant – Minor Impact”.</i>		
10	Compliance with Codes <i>Water Services Act 2012 - Section 26(3)</i> The licensee must comply with each code of practice made by the Minister to the extent to which it applies to the licensee.	The auditor confirmed in this audit that the <i>Water Services Code of Practice (Family Violence) 2020</i> issued by the Minister has been complied with. The audit confirmed compliance with the <i>Water Services Code of Conduct (Customer Service Standards) 2024</i> except for obligations 96, 101, 115, 116, 154AA and 154A as noted in this report.
96	Billing Invoice Format <i>Water Services Code of Conduct (Customer Service Standards) 2024 - Clause 11(3)</i> A bill for usage must be based on a meter reading to ascertain the quantity supplied or discharged.	The audit confirmed with Muchea Water’s Director and by review of invoices that a usage charge based on an annual minimum usage and any usage above the standard usage is billed every 3 months. The format of the invoice shows the annual fixed charge for the first 425kl as a “variable use charge” instead of a “service charge”. This is a minor non-compliance and the Director has confirmed this has been corrected on the invoices from April 2025. No further action is required.
101	Billing Information on Usage Each bill for usage for a metered water service must contain the specified information per Clause 13(3) of the Code.	The audit noted by review of invoices for September 2022, February 2024 and February 2025 that the bills contain the prescribed information specified in Clause 13(3) re meter readings with the following exceptions relating to missing information: <u>Up to December 2023</u> <ul style="list-style-type: none"> Whether meter reading was actual or estimate (13(3)(a)) 2 most recent meter reading dates (13(3)(d)) Actual meter reading (13(3)(e)(i)) Quantity based on meter reading or estimate (13(3)(e)(ii) and 13(3)(f)). <u>December 2023 to July 2024</u> <ul style="list-style-type: none"> Whether meter reading was actual or estimate (13(3)(a)) 2 most recent meter reading dates (13(3)(d)) Actual meter reading (13(3)(e)(i)) Quantity based on meter reading or estimate (13(3)(e)(ii) and 13(3)(f)) <u>July 2024 to March 2025</u> <ul style="list-style-type: none"> 2 most recent meter reading dates (13(3)(d)). This is a minor non-compliance and as the invoices have been corrected from April 2025, no further recommendation is made.

Reporting Manual number and Licence condition		Issue
154AA	Preserved Supply Register <i>Water Services Code of Conduct (Customer Service Standards) 2024 - Clause 52(3) – from July 2024</i> The licensee must ensure that the specified information about Part 9 may be obtained from its website.	Part 9 of the Code of Conduct specifies the requirements for supply of water to persons with special requirements or needs. This obligation is stated in the Customer Contract (Residential) available on the website. The Muchea Water Director confirmed there have been no request from customers re preserved supply. However, there is no information on the website about how to apply to be included on the Preserved Supply Register. There is some information in the Customer Contract on the website about how to notify Muchea Water if kidney dialysis machines are used by a customer but this does not cover all aspects of “preserved supply” as per clause 54 of the Customer Service Standards 2024.
165 167	Providing Information to ERA <i>Water Services Act Section 12</i> The licensee must provide the ERA specified information relevant to the operation of the licence or the licensing scheme, or the performance of the ERA's function under the Act in the manner and form specified by the ERA. The licensee must provide the ERA with the data required for performance reporting purposes that is specified in the Water, Sewerage and Irrigation Licence Performance Reporting Handbook, and the National Performance Framework that apply to the licensee.	In accordance with the Water Compliance Reporting Manual July 2024 and previous version 2021, Muchea Water is required to submit to the ERA: <ul style="list-style-type: none"> • Annual performance reports no later than 31 August for the reporting year ending 30 June; and • Annual compliance reports by 31 August for the year ending 30 June. • Annual standing charge customer data by 31 August for the year ending 30 June. The auditor reviewed Muchea Water's correspondence with the ERA and the Compliance and Performance Reports for 2021/22, 2022/23 and 2023/24 and confirmed the reports had been submitted by the due dates except for the 2023/24 reports which the ERA advised were submitted after the due date of 31 August 2024. This is considered a minor non-compliance and did not affect customers. As this obligation with due dates and actual dates is now recorded in the Compliance and Reporting Register, no further recommendation is made.

We conducted our engagement in accordance with Australian Standard on Assurance Engagements ASAE 3100 Compliance Engagements (ASAE 3100). We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In accordance with ASAE 3100 we have:

- Used our professional judgement to plan our procedures and assess the risks that may cause material non-compliance with each of the compliance requirements to be concluded upon;
- Considered internal controls implemented to meet the compliance requirements; however, we do not express a conclusion on their effectiveness; and
- Ensured that the engagement team possess the appropriate knowledge, skills and professional competencies.

Summary of Procedures

Our procedures consisted primarily of:

- Utilising ERA's 2019 Audit and Review Guidelines: Water Licences ('the Guidelines') to develop a risk assessment;
- Developing an Audit and Review Plan and an associated work program, approved by the ERA on 25 March 2025;
- Interviewing relevant Muchea Water staff to gain an understanding of process controls;
- Onsite visit to the water treatment facilities in Muchea, and conduct various meetings with stakeholders, including corporate services and works/facilities management personnel, to

determine the effectiveness of systems and procedures in place and to compare actual performance against the licence standards. The on-site visit included our Principal Engineer.

- Assessing documents and performing walkthroughs of processes and controls to support the assessment of compliance and the effectiveness of the control environment in accordance with Licence obligations; and
- Performing procedures and testing based on the procedures listed in the approved Audit and Review Plan.

How We Define Reasonable Assurance and Material Non-Compliance

Reasonable assurance is a high level of assurance but is not a guarantee that it will always detect a material non-compliance with the compliance requirements.

Instances of non-compliance are considered material if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of the intended users taken on the basis of the Licensee's compliance with the compliance requirements.

Inherent Limitations

Because of the inherent limitations of an assurance engagement, together with the internal control structure it is possible that fraud, error, or non-compliance with the compliance requirements may occur and not be detected.

A reasonable assurance engagement throughout the specified period does not provide assurance on whether compliance with the compliance requirements will continue in the future.

Use of this Assurance Report

This report has been prepared for Muchea Water and the ERA for the purpose of assessing compliance with the requirements of the License and may not be suitable for another purpose.

We understand that a copy of this report will be provided to the ERA for the purpose of reporting on the reasonable assurance engagement for the Licensee. We agree that a copy of this report may be provided to the ERA in connection with this purpose, but only on the basis that we accept no duty, liability or responsibility to the ERA in relation to the report.

We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Licensee and the ERA, or for any other purpose other than that for which it was prepared.

Management's responsibility

Muchea Water's management are responsible for:

- The compliance activities undertaken to meet the requirements of the Licence;
- Identifying risks that threaten the compliance requirements identified above being met and identifying, designing and implementing controls to enable the compliance requirements to be met and, monitoring ongoing compliance;
- Ensuring that it has complied in all material respects with the requirements of the Licence;
- Establishing and maintaining an effective system of internal control over its systems designed to achieve its compliance with the Licence requirements;
- Implementing processes for assessing its compliance requirements and for reporting its level of compliance to the ERA; and
- Implementing corrective actions for instances of non-compliance (if any).

Our responsibility

Our responsibility is to perform a reasonable assurance engagement in relation to Muchea Water's compliance with its License requirements throughout the period and to issue an assurance report that includes our conclusion.

Our Independence and Quality Control

We have complied with our independence and other relevant ethical requirements of the *Code of Ethics for Professional Accountants* issued by the Australian Professional and Ethical Standards Board and complied with the applicable requirements of Australian Standard on Quality Control 1 to maintain a comprehensive system of quality control.

We confirm that the ERA's 2019 Audit and Review Guidelines: Water Licenses (updated August 2022) have been complied with in the conduct of this audit/review and the preparation of the report, and that the audit findings reflect our professional opinion.

Quantum Assurance



Geoff White CA
Director

11 July 2025

2. Executive Summary

2.1 Background

Aqua Ferre (Muchea) Pty Ltd (trading as 'Muchea Water') has a Water Services Licence, issued by the Economic Regulation Authority ('ERA') under the *Water Services Act 2012* ('Act'), for the provision of potable water supply in an operating area located in the Shire of Chittering.

Muchea Water has developed a potable water treatment scheme to supply two developments: the Wildflower Ridge Estate (a residential estate); and the Muchea Industrial Park (an industrial/commercial estate). The Wildflower Ridge Estate development is located 8 kilometres north east of the Muchea town site and 56 kilometres north of the Perth central business district and involves the creation of approximately 238 residential allotments in progressive stages. The Muchea Industrial Park development (located east of the Muchea town site) involves the creation of approximately 30 industrial/commercial lots in the first stage of development.

The Water Treatment Plan (WTP) was constructed onsite and commenced operation in May 2021. Water is extracted from an onsite bore and processed through separate filtration, pumping stations and pipelines to the residential estate and the industrial/commercial estate. There were 81 connected properties including 6 commercial properties at 30 June 2024.

This audit and review covers the period from the previous audit being 1 March 2022 to 28 February 2025.

The audit and review approach is based on the compliance obligations set out in the Licence, applicable legislation, regulatory guidelines (Water Compliance Reporting Manual (October 2021 and July 2024) and in accordance with the ERA's 2019 Audit and Review Guidelines: Water Licences (updated August 2022).

2.2 Operational Audit

This audit has been conducted to assess the licensee's level of compliance with the conditions of its licence.

Through the execution of the Audit Plan and assessment and testing of the control environment, the information system, control procedures and compliance attitude, the audit team members have gained reasonable assurance that Muchea Water has complied with its Water Services Licence obligations during the audit period from 1 March 2022 to 28 February 2025 except for 3 non-compliances with moderate impact on customers and 6 non-compliances with minor impact on customers.

Out of 209 applicable compliance obligations, the audit found:

- 98 obligations were rated compliant (90 with adequate controls, 1 with inadequate controls and 7 with controls not reviewed).
- 6 were rated non-compliant – minor impact (3 with adequate controls and 1 with generally adequate controls, 1 with inadequate controls and 1 with controls not reviewed).
- 3 were rated non-compliant – moderate impact (2 with generally adequate controls and 1 with controls not reviewed).
- 102 were not rated for compliance, as no relevant activity took place during the audit period (61 with adequate controls, 1 with generally adequate controls, 4 with inadequate controls and 36 with controls not reviewed).

There were 5 recommendations for improvements to update the Review of Billing Procedure and the Customer Charter, to formalise the procedure for any applications to the Preserved Supply Register and update the compliance register and procedures for the changes in the *Water Services Code of Conduct (Customer Service Standards) 2024* since the 2018 Code.

The audit confirmed that Muchea Water has complied with its information reporting obligations for the period 1 March 2022 to 28 February 2025 with one minor exception re the 2023/24 reports which the ERA advised were submitted after the due date of 31 August 2024.

The control environment is considered to be effective to manage compliance with the licence conditions.

2.3 Asset Management System Review

This review has been conducted to assess the effectiveness of the Licensee's asset management system.

Through the execution of the Review Plan and assessment and testing of the control environment, the information system, control procedures and compliance attitude, the audit team members have gained reasonable assurance that Muchea Water has operated the scheme in a reliable manner and provided a good level of service to the residents of Muchea.

The review found that Muchea Water has established an adequate control environment for ongoing compliance in respect of the asset management system.

For the review period from 1 March 2022 to 28 February 2025, the potable water system servicing the residential and industrial/commercial estates near Muchea, under Water Services Licence WL51 are considered to be operated with a professional and comprehensive approach.

The review concluded that Muchea Water has an effective asset management system with only one recommendation for improvement. Overall, the water supply scheme is assessed as being well constructed, well maintained and in good working order.

The assessment of the 12 asset management components prescribed in the ERA's 2019 Audit and Review Guidelines: Electricity and Gas Licences found that:

- 9 components were rated A1 (documentation adequately defined, performing effectively).
- 1 component (Environmental Analysis) was rated A2 (process adequately defined, improvement required).
- 1 component (Asset Planning) was rated B1 (process requires some improvement and performing effectively).
- 1 component (Asset Operations) was rated B2 (process requires some improvement and performance requires improvement).

Out of 58 effectiveness criteria for the asset management system, the review found:

- 55 criteria were rated as performing effectively (49 with adequately defined processes and 6 with processes that require some improvement);
- 2 were rated as improvement required (with adequately defined processes); and
- 1 was rated corrective action required (with adequately defined processes).

There was one recommendation. Despite the treatment process optimisation work and the general improvement in iron levels, it is recommended that, as planned in 2025, Muchea Water make treatment improvements to produce a sustained improvement in the level of iron occurring in the treated water, with the aim of achieving improved aesthetic water levels for customers more consistently than currently provided. These improvements include reticulation upgrades and an additional water storage tank.

3. Operational Audit

3.1 Introduction

Aqua Ferre (Muchea) Pty Ltd ('Muchea Water') is required to comply with the terms and conditions of their license. There was one version of the Water License WL51 in operation over the audit period:

- Version 3 (From 28 October 2020 and onwards).

Under the Act, water services' licensees are required to provide reports on an operational audit ('audit') and an effectiveness review of their asset management system ('review') once every 24 months, or another period that has been specified by the ERA.

The ERA engaged Quantum Management Consulting and Assurance ('Quantum Assurance') to undertake an audit and review of Muchea's water supply services, to comply with the licensing requirements of the ERA.

This audit and review covers the period from 1 March 2022 to 28 February 2025.

The audit and review approach is based on the compliance obligations set out in the Licence, applicable legislation, regulatory guidelines (Water Compliance Reporting Manual (October 2021 and July 2024) and in accordance with the ERA's 2019 Audit and Review Guidelines: Water Licences (updated August 2022).

3.2 Objectives and Scope

The objective was to provide the ERA with an independent assessment of the licensee's compliance with relevant obligations under the licence.

The audit applied a risk-based audit approach. The scope of the audit included the adequacy and effectiveness of performance against the requirements of the licence by considering:

- **process compliance** - the effectiveness of systems and procedures in place throughout the audit period, including the adequacy of internal controls;
- **outcome compliance** – the actual performance against standards prescribed in the licence throughout the audit period;
- **output compliance** – the existence of the output from systems and procedures throughout the audit period (that is, proper records exist to provide assurance that procedures are being consistently followed and controls are being maintained);
- **integrity of reporting** – the completeness and accuracy of the compliance and performance reports provided to the ERA; and
- **compliance with any individual licence conditions** - the requirements imposed on the specific licensee by the ERA or specific issues that are advised by the ERA.

When assessing if a licensee has complied with its licence obligations, the auditor must apply a level of scrutiny that corresponds to a 'reasonable assurance engagement'. A reasonable assurance engagement is:

"An assurance engagement in which the assurance practitioner reduces engagement risk to an acceptably low level in the circumstances of the engagement as the basis for the assurance practitioner's conclusion. The assurance practitioner's conclusion is expressed in a form that conveys the assurance practitioner's opinion on the outcome of the measurement or evaluation of the underlying subject matter against criteria." (ASAE3000).

This was a reasonable assurance engagement. This includes the areas of special focus as noted below.

The ERA has received correspondence from residents at the Wildflower Ridge Estate, the Shire of Chittering and the office of Shane Love MLA (Member for Moore) expressing concerns about the water supply services provided by Muchea Water. The concerns are with:

- water quality
- water pressure
- billing, fees and charges
- metering.

Considering this correspondence and, following an examination of the findings from Muchea Water's 2022 operational audit and asset management system review, the ERA has identified the audit obligations below as areas of special focus.

Table 1: Audit Obligations

Area	Legislation clauses	2021 Manual	2024 Manual
Water pressure	<u>Licence Condition</u> 5.2.1, Schedule 2	Obligations 161, 190	Obligations 161, 190A – 190C
Billing and meter readings	<u>Code of Conduct 2018</u> 10(2), 11(2) – 11(6) 13(4), 13(5) 14(1), 14(2), 15(3), 16(1), 17(2), 17(3) <u>Code of Conduct 2024</u> 10(2), 11(2) – 11(6) 13(3), 13(4) 14(1), 14(2), 15(3), 16(1), 17(2), 17(3)	Obligations 94 – 98A Obligations 101 - 101A Obligations 103 - 106	Obligations 94 – 98A Obligations 101, 101A Obligations 103 – 106
Meter testing	<u>Water Services Regulations</u> 26(3), 26(5)	Obligations 67 and 68	Obligations 67 and 68

The highest priority areas (priority 1, 2 or 3) based on inherent risk and areas of special focus advised by ERA are:

- Cut off water supply to occupied dwelling (obligation 21).
- Preserved water supply register and restrictions on reduced supply (obligations 154B, 154CC, 154C and 154D).
- Water pressure (obligations 161, 190, 190A to 190C).
- Billing and meter readings (obligations 94 – 98A, 101 – 101A, 103 – 106).
- Meter testing (obligations 67 and 68).
- Providing information to ERA (obligation 165).

The audit aimed to identify any areas where improvement is required and recommend corrective action as necessary.

3.3 Audit Compliance and Controls Rating Scale

The adequacy of controls and compliance with the legislative obligations was assessed using the following ratings.

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 – controls not assessed in the audit.	NR	Not rated – no activity in current period

3.4 Summary of Audit Ratings of Controls and Compliance

The current audit assessment of the ratings for the adequacy of controls and compliance with the 209 applicable legislative obligations is shown below in the summary table and detailed obligations table.

Summary of Audit Ratings of Control and Compliance

Controls rating	Compliance Rating						
	Rating	1 Compliant	2 Non-compliant (minor impact)	3 Non-compliant (moderate impact)	4 Non-compliant (major impact)	NR Not rated	Total
	A - Adequate	90	3	-	-	61	154
	B – Generally adequate	-	1	2	-	1	4
	C - Inadequate	1	1	-	-	4	6
	D – No controls	-	-	-	-	-	-
	NP – Not performed	7	1	1	-	36	45
	Total	98	6	3	-	102	209

Detailed Audit Ratings of Control and Compliance by Obligation

No. ¹	Brief Description	Legislative Reference	Audit Priority applied (rated 1 = High to 5 = Low)	Adequacy of Controls Rating ² (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating (1=Compliant 2=Non-compliant (minor impact), 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated)				
				A	B	C	D	NP	1	2	3	4	NR
Water Services Act 2012													
2	Terms of service	Sec. 21(1)(b)	4	✓					✓				
3	Provision of services	Sec. 21(1) (c)	4	✓					✓				
4	Operating area	Sec. 22	4					✓					✓
5	Outsourcing of services	Sec. 23	4	✓					✓				
6	Asset management system	Sec. 24(1)(a) & 24(2)	4	✓					✓				
8	Asset management system review	Sec. 24(1)(c)	4	✓					✓				
8A	Asset Management System - Maintenance	Sec 24(2)	4	✓					✓				
9	Operational audit	Sec. 25	4	✓					✓				
10	Code of practice	Sec. 26(3)	4					✓		✓			
13	Termination of service	Sec. 36	4					✓					✓
14	Supplier of last resort	Sec. 60	4					✓					✓
15	Ombudsman scheme	Sec. 70(2)	4	✓					✓				
16	Interruption of water supplies	Sec. 77(3)	4	✓					✓				
17	Notification of building works	Sec. 82(4) & (5)	4					✓					✓
18	Ensuring water service works are done	Sec. 84(2)	4					✓					✓
19	Review of decisions	Sec. 87(2)	4					✓					✓
20	Construction near water service works	Sec. 90(7)	4					✓					✓
21	Cut off water supply	Sec. 95(3)	2	✓									✓
22	Fire hydrants for reticulation works	Sec. 96(1)	4					✓					✓
23	Requests from FESA or local government	Sec. 96(5)	4					✓					✓
28	Compliance notice issued by licensee re building works	Sec. 119(2)	4					✓					✓
29	Review of decisions	Sec. 122(2)	4					✓					✓
30	Apportionment of fees between properties	Sec. 125(2)	4					✓					✓
31	Lodging memorial to secure fees owing	Sec. 128(4)	4					✓					✓
32	Notice to property owner - entry	Sec. 129(5)	4	✓									✓
33	Notice to property owner – removal of fence	Sec. 139(3)	4	✓									✓

¹ The number refers to the Obligation reference in the Water Compliance Reporting Manual (July 2024) and previous version 2021 where applicable.

² Refer Controls and Compliance Rating Scales in Section 3.3.

No. ¹	Brief Description	Legislative Reference	Audit Priority applied (rated 1 = High to 5 = Low)	Adequacy of Controls Rating ² (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating (1=Compliant, 2=Non-compliant (minor impact), 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated)				
				A	B	C	D	NP	1	2	3	4	NR
34	Notice to roads authority	Sec. 141(1)	4	✓									✓
35 36 37 38 39	Proposal for major works	Sec. 142, 143(2) &(3), 144(3), 145(2)	4	✓									✓
40 41	Proposal for general works – Minister notices	Sec. 147(3) & (4)	4	✓									✓
42 43 44 45	Proposal for general works	Sec. 151(1) - (3), 153(3),	4	✓									✓
45A	Deviations from water service works plan	Sec. 160(1)	4	✓									✓
46 47 48	Interest in land	Sec. 166(5) - (6), 170	4					✓					✓
49 50	Notice of entry to property and authority to enter	Sec. 173(4) & 174 (1)	4	✓									✓
51	Notice of entry after entry without notice	Sec. 174 (3)	4	✓									✓
52 53 54	Notice of entry to property	Sec. 175(2) & (5), 176(1)	4	✓									✓
55 56 57	Authority to enter	Sec. 176(3) & (4), 181	4					✓					✓
58 59 60 61	Warrant to enter property	Sec. 186, 187(1) - (3), 190(4) - (5)	4					✓					✓
62	Compliance Officer	Sec. 210(5)	4					✓					✓
63	Minimum disruption	Sec. 218(2)	4	✓					✓				
64	Physical damage	Sec. 218(3)	4	✓									✓
Water Services Regulations 2013													
65	Meter testing – multi-unit	Reg. 23(2)	4	✓									✓
66	Meter testing access	Reg. 24(4)	4					✓					✓
67	Meter access - compliance	Reg. 26(3)	2	✓					✓				
68	Meter testing – tolerance	Reg. 26(5)	2	✓									✓
69	Lot development	Reg. 29(1)	4					✓					✓
70 71	Backflow prevention devices	Reg. 42(2), 43(3), 43(6).	4	✓					✓				

No. ¹	Brief Description	Legislative Reference	Audit Priority applied (rated 1 = High to 5 = Low)	Adequacy of Controls Rating ² (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating (1=Compliant, 2=Non-compliant (minor impact), 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated)				
				A	B	C	D	NP	1	2	3	4	NR
72													
74	Work affecting roads	Reg. 60(2)	4	✓									✓
75	Breaks to road surface	Reg. 63	4	✓									✓
89	Compliance notice issued by licensee to include consequences and rights	Reg. 85	4					✓					✓
Water Services Code of Conduct (Customer Service Standards) 2024													
92	Information for customers	Cl. 8(1)-(3)	4	✓					✓				
93	Service connections period	Cl. 9(2) & (4)	4	✓					✓				
94	Annual service charges	Cl. 10(2)	2	✓					✓				
95	Usage bills at least 4 monthly	Cl.11(2)	2	✓					✓				
96	Usage based on meter reading	Cl.11(3)	2	✓						✓			
97	Accurate meter reading not possible	Cl. 11(4)	2	✓					✓				
98	Estimated Bill of Usage	Cl. 11(5)	2	✓					✓				
98A	Estimated Bill at least every 12 months	Cl. 11(6)	2	✓					✓				
99	Address for billing	Cl. 12	4	✓					✓				
99A	Receive bills by post or email	Cl. 12(1)	4	✓					✓				
99B	Charge for sending a bill	Cl. 12(2)	4	✓					✓				
99C	Email bill to customer's email address	Cl. 12(4)	4	✓					✓				
99D	No charge for post of bill	Cl. 12(5)	4	✓									✓
100	Billing information	Cl. 13(2)	4	✓					✓				
100A	Billing information – more than one service	Cl. 13(7)	4	✓									✓
101	Billing information - usage	Cl. 13(3)	2		✓					✓			
101A	Billing information - estimate	Cl. 13(4)	2	✓					✓				
102A	Billing information – prescribed information	Cl. 13(5)	4	✓					✓				
103	Basis of billing estimate	Cl. 14(1)	2	✓					✓				
104	Estimate adjustment	Cl. 14(2)	2	✓					✓				
104A	Tariff information	Cl. 15(3)	2	✓					✓				
105	Request for meter reading	Cl. 16(1)	2	✓					✓				
106	Higher than normal charge	Cl. 17(2) & (3)	2	✓					✓				

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				A	B	C	D	NP	1	2	3	4	NR
107 108 109 110	Under and over charges	Cl. 18(2) - (5).	4	✓									✓
111A	Over charges - refunds	Cl. 19(2)	4	✓									✓
112A 112B 112C	Over charges - refunds	Cl. 19(3)-(5)	4	✓									✓
113	Review of bill upon request	Cl. 20(1)	4	✓					✓				
113A	Inform customer of outcome of bill review	Cl. 21(2)	4	✓					✓				
113B	Overdue notification of bill review	Cl. 21(3)	4	✓									✓
114	Review of bill procedure – written procedure	Cl. 22(1)	4	✓					✓				
115	Review of bill procedure – information	Cl. 23(2) & (4)	4		✓						✓		
116	Review of bill procedure – ombudsman or appeal	Cl. 22(3)	4		✓						✓		
117	Review of bill procedure – timeframe	Cl. 20(5)	4	✓					✓				
117A	Notification of change in water service charge	Cl. 20(1)	4		✓								✓
118	At least 14 days for payment	Cl. 24	4	✓					✓				
119	Payment methods - options	Cl. 25(1)	4	✓					✓				
120	Payment methods - fees	Cl. 25(2)	4	✓					✓				
121	Payment methods- direct debit authority	Cl. 26	4	✓									✓
122	Payment in advance	Cl. 27(1)	4	✓									✓
123	Redirection of bills	Cl. 28	4	✓									✓
123A	Payment difficulties	Cl. 29(1), (2)	4	✓					✓				
124A 124B	Payment plan and capacity to pay	Cl. 28(2), 30(1)	4	✓					✓				
124C	Payment plan interest free	Cl. 28(4)	4	✓					✓				
124D 124E	Payment plan information to customer	Cl. 30(4), 30(6)	4					✓	✓				
124F	Payment plan – business customer	Cl. 30(7)	4					✓					✓
124G 124H 124I 124J	Review of payment plan	Cl. 31(1) - (5)	4					✓	✓				

No. ¹	Brief Description	Legislative Reference	Audit Priority applied (rated 1 = High to 5 = Low)	Adequacy of Controls Rating ² (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating (1=Compliant, 2=Non-compliant (minor impact), 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated)				
				A	B	C	D	NP	1	2	3	4	NR
125 126A 126B 127	Financial hardship policy	Cl. 32(1) - (5)	4	✓					✓				
128	Financial hardship policy - publicly available	Cl. 32(6)	4	✓					✓				
129A	Financial hardship policy – review	Cl. 29(7)	4					✓	✓				
129B	Financial hardship policy – review if directed	Cl. 32(7)	4					✓					✓
129C	Financial hardship – payment variations	Cl. 32(8)	4					✓					✓
130A 130B 131A 131B 131C	Financial hardship – payment variations	Cl. 33(2) & (3), 33(4)(a)-(c)	4	✓									✓
133	Written information re payment assistance	Cl. 34 (4), (5)	4	✓					✓				
133A	No interest in some circumstances	Cl. 35	4	✓					✓				
134	Debt recovery - complaint	Cl. 36(1)(a) – (c)	4	✓					✓				
134A	Debt recovery – payment plan	Cl. 36(1)(d) – (e)	4	✓					✓				
135 136	Restoring water supply	Cl. 43(1) & (2)	4	✓									✓
137A 137B 137C 138 138A 138B	Water supply restriction	Cl. 39(1)-(3), 40(1)(a)-(h), 37(1)(f)-(g) & 41	4	✓									✓
139	Rate of flow	Cl. 42	4	✓									✓
142	Restoring water supply	Cl. 44(5)	4	✓									✓
144	Compliance rate	Cl. 44(6)	4	✓									✓
144A 144B	Notice of planned service interruptions	Cl. 46(1)-(2)	4	✓					✓				
144C 144D	Policy for dealing with leaks and blockages	Cl. 47(1) - (2)	4	✓					✓				
144E	24 hour information line	Cl. 48	4	✓					✓				
145 146	Complaints procedure - written	Cl. 49(1) - (2)	4	✓					✓				
147	Complaints procedure - details	Cl. 49(3)	4	✓					✓				
148A	Complaints procedure - Ombudsman	Cl. 49(4)	4	✓					✓				
149	Complaints procedure publicly available	Cl. 49(5)	4	✓					✓				

No. ¹	Brief Description	Legislative Reference	Audit Priority applied (rated 1 = High to 5 = Low)	Adequacy of Controls Rating ² (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating (1=Compliant, 2=Non-compliant (minor impact), 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated)				
				A	B	C	D	NP	1	2	3	4	NR
149A	Resolution of complaints	Cl. 50	4	✓					✓				
150	No charge for information	Cl. 51(1)	4	✓					✓				
152	Access to customer information	Cl. 51(2), (3)	4			✓			✓				
153	Code of Conduct publicly available in hardcopy and on website	Cl. 52(1)	4	✓					✓				
154	Bill information on website	Cl. 52(2)	4	✓					✓				
154AA	Information on website	Cl. 52(3)	4			✓				✓			
154A	Link to WA website	Cl. 52(4)	4					✓			✓		
154B	Preserved supply register	Cl. 54(2)	2	✓					✓				
154CC	Provide information to customer	Cl. 54(3)	2			✓							✓
154C	No flow reduction	Cl. 55	2			✓							✓
1564D	Notification of service interruption	Cl. 56	2			✓							✓
Licence Conditions – Specific Clauses													
155	Fees to regulator	Cl. 4.2.1	4	✓					✓				
159	Direction from ERA	Cl. 4.1.2	4					✓					✓
160	Compliance with Accounting Standards	Cl. 4.6.1	4	✓					✓				
161	Compliance with performance standards	Cl. 5.2.1	2	✓					✓				
162	Operational audit	Cl. 5.3.4	4	✓					✓				
163	External administration	Cl. 4.7.1(a)-(c)	4					✓					✓
165	Provision of information to the ERA	Cl. 4.8.1	3	✓						✓			
167	Performance reporting to ERA	Cl. 4.8.2	4	✓						✓			
168	Publishing information	Cl. 3.8.1 & 3.8.2	4					✓					✓
169	Notices in writing	Cl. 3.7.1	4	✓					✓				
170A	Notify ERA of asset management system (AMS)	Cl. 5.1.1 (a) & (b)	4	✓					✓				
171	Notify ERA of material change to AMS	Cl. 5.1.3	4	✓									✓
172	AMS review	Cl. 5.1.7	4	✓					✓				
172A 172B	ERA direction re condition of service	Cl. 6.1.1-6.1.2	4					✓					✓
181	Obligations of supplier of last resort	Cl. 6.3.1	4					✓					✓

No. ¹	Brief Description	Legislative Reference	Audit Priority applied (rated 1 = High to 5 = Low)	Adequacy of Controls Rating ² (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating (1=Compliant, 2=Non-compliant (minor impact), 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated)				
				A	B	C	D	NP	1	2	3	4	NR
182	No services outside operating area	Cl. 4.4.1(b)	4	✓					✓				
184	MOU with Department of Health ((potable water)	Cl. 7.1.1	4	✓					✓				
185	MOU legal compliance	Cl. 7.1.4	4	✓					✓				
186	MOU compliance	Cl. 7.1.5	4	✓					✓				
187	MOU published	Cl. 7.1.6	4	✓					✓				
188	MOU - audit reports published	Cl. 7.1.7	4	✓									✓
189	MOU – other reports published	Cl. 7.1.8	4	✓					✓				
190	Service and performance standards (if applicable)	Schedule 2	2	✓					✓				
190A	Service standards for continuity of pressure and flow	Schedule 2	2	✓					✓				
190B	Notify customers if pressure and flow outside licence range	Schedule 2	2	✓									✓
190C	Notify ERA annually of any restrictions to supply	Schedule 2	2			✓							✓
Water Services Code of Practice (Family Violence) 2020													
191	Family violence policy	Cl. 5(1)	4	✓					✓				
192	Family violence policy before the end of the six-month period	Cl. 5(2)	4	✓					✓				
193	Published family violence policy on website	Cl. 6	4	✓					✓				
194	Review of family violence policy once every 5-year period	Cl. 7	4	✓					✓				
195	Records of compliance with this code	Cl. 8(1)	4	✓					✓				
196	Retain records for at least 7 years	Cl. 8(2)	4	✓					✓				
197	Inform customers of complaints procedure	Cl. 9	4	✓									✓
198	Website link to current copy of this Code	Cl. 10	4	✓					✓				

3.5 Status of Previous Audit Recommendations

The previous audit covered the period from 25 February 2020 to 28 February 2022 and was reported in June 2022. There were no recommendations.

Reference (no./year)	Previously Assessed Non-Compliance/Controls Improvement	Previous Auditor's Recommendation and <i>Action Taken</i>	Date Resolved	Further action required
A. Resolved before end of previous review				
	Nil			
B. Resolved during current review period				
	Nil			

3.6 Detailed Audit Observations

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
Water Services Act 2012							
2	Section 21(1)(b)	Clause 4.3.1(b)	The licensee must if requested, offer to provide the water service authorised by the licence to any other person (not covered by section 21(1)(a) of the Act) within the operating area of the licence on reasonable terms, unless provision of the service is not financially viable or is otherwise not practicable.	4	The auditor confirmed with Muchea Water's Director that connections are made as lots are sold in the residential and industrial estates. This obligation to install residential connections within 10 business days is documented in the Customer Service Charter (Version 2.1 - Jan. 2025) Commercial connections vary depending upon the size and number of connections required and are assessed on a case by case basis.	A	1
3	Section 21(1)(c)	Clauses 4.1.1	The licensee must provide, operate and maintain the water service works specified by the ERA in the licence for the purpose of section 11(3).	4	The operation and maintenance of the water service works was confirmed by this audit. This obligation is documented in the Asset Management Plan (Version 5.1 - July 2024).	A	1
4	Section 22	Clause 4.4.1(a)	The licensee must notify the ERA as soon as practicable before commencing to provide the water service outside of the operating area of the licence.	4	The auditor confirmed with Muchea Water's Director and field observation that the licensee does not provide a water service outside of the operating areas set out in Plan Number OWR-OA-317(A).	NP	NR
5	Section 23	Clause 4.5.1	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 a works holding arrangement.	4	The auditor confirmed by discussion with the Director and review of the Asset Management Plan that the water service assets are owned or operated under contracts with the land developers by Muchea Water. This obligation is documented in the Asset Management Plan.	A	1

³ The number refers to the item reference in the Water Compliance Reporting Manual (July 2024 and if applicable 2021 Manual).

⁴ The highest priority areas (priority 1, 2 or 3) based on inherent risk and expected controls/processes are highlighted in **RED**.

⁵ Controls Rating Scale: A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed.

⁶ Compliance Rating Scale: 1=Compliant, 2=Non-compliant (minor impact), 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated.

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
6	Sections 24(1)(a) & 24(2)	Clause 5.1.1	The licensee must provide for an asset management system in respect of the licensee's water service works.	4	This audit confirmed the licensee has an asset management system (AMS). This obligation is documented in the Asset Management Plan.	A	1
8	Section 24(1)(c)	Clause 5.1.4	A licensee must provide the ERA 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 ERA.	4	Reviews of the asset management system have been completed as required by the ERA. The requirement to complete reviews is documented in the Asset Management Plan and the Compliance and Reporting Register.	A	1
8A	Section 24(2) <i>From July 2024</i>	Clause 5.1.1	The licensee's asset management system must include the measures to be taken by the licensee for the proper maintenance of the water service works and the provision and operation of the water service works, and other water service works necessary for the provision of the water service.	4	Review of the asset management system has been completed as part of this audit and review. It includes the measures necessary for the provision of the water service. The obligation to maintain the asset management system is included in the Asset Management Plan and the Compliance and Reporting Register.	A	1
9	Section 25	Clause 5.3.1	A licensee must, not less than once every 24 months, or such longer period as determined by the ERA, provide the ERA with an operational audit conducted by an independent expert appointed by the ERA.	4	This is the second audit required by the ERA. The requirement to complete audits is documented in the Asset Management Plan and the Compliance and Reporting Register.	A	1
10	Section 26(3)	Clause 4.1.1	The licensee must comply with each code of practice made by the Minister to the extent to which it applies to the licensee.	4	The auditor confirmed in this audit that the <i>Water Services Code of Practice (Family Violence) 2020</i> issued by the Minister has been complied with. The audit confirmed compliance with the <i>Water Services Code of Conduct (Customer Service Standards) 2024</i> except for obligations 96, 101, 115, 116, 154AA and 154A as noted in this report. Obligations 96 and 101 were complied with from April 2025 so no further recommendations are made.	NP	2

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
					Obligations 115 and 116 – refer Recommendation 1/2025. Obligation 154AA – Refer Recommendation 3/2025. Obligation 154A – Refer Recommendation 4/2025. The recommendations are listed in Section 3.7.		
13	Section 36	Clause 4.1.1	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.	4	The auditor confirmed with Muchea Water's Director and field observation that the licensee did not cease to provide a water service in the area.	NP	NR
14	Section 60	Clause 6.3.1	If the licensee is the supplier of last resort for a designated area in relation to the provision of a particular water service, 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 specified.	4	The auditor confirmed with Muchea Water's Director that Muchea Water is not a supplier of last resort.	NP	NR
15	Section 70(2)	Clause 6.2.1	The licensee must not supply water services to customers unless the licensee: <ul style="list-style-type: none"> • is a member of the water services ombudsman scheme; and • is bound by the scheme; and • will comply with any decision or direction of the water services ombudsman under the scheme. 	4	The auditor confirmed with Muchea Water's Director that during the audit period, Muchea Water was a member of the water services ombudsman scheme and was bound by the scheme and complied with any directions. The membership was also confirmed by the Ombudsman website. This obligation is stated in the Customer Service Charter.	A	1
16	Section 77(3)	Clause 4.1.1	The licensee must take reasonable steps to minimise the extent or duration of any interruption of water services it is responsible for.	4	The auditor confirmed by review of the Performance and Compliance Reports provided to the ERA for 2021/22, 2022/23 and 2023/24 that there were no unplanned interruptions of services in this period. There have been some planned interruptions in the	A	1

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
					<p>audit period due to extension of the reticulation and other works in the residential estate. The auditor confirmed with Muchea Water's Director that reasonable action was taken to minimise the extent and duration of the interruptions.</p> <p>The obligation to minimise any unplanned or planned interruptions is stated in the Customer Contract, the "Faults and Outages" page on the website and the Muchea Water Maintenance Plan.</p>		
17	Sections 82(4) & (5)	Clause 4.1.1	If a person must give the licensee notice of any building work to be carried out on land in the operating area of a license, the licensee must return a copy of the plans and specifications contained in the notice with any written directions about the proposed building work that the licensee considers necessary to ensure the safety and efficacy of the provision of water services provided, or to be provided. The licensee must do this within 7 days of receiving the fee for dealing with the notification.	4	The auditor confirmed with Muchea Water's Director that in the audit period, there were no notices given to Muchea Water about building work in the operating area that could affect the water supply infrastructure.	NP	NR
18	Section 84(2)	Clause 4.1.1	If the licensee has given a notice under section 83(3)(a) of the Act, and the licensee is satisfied that the person given the notice is not going to comply with the notice within a reasonable time, the licensee must give the person 21 days' notice of its intention to commence the works.	4	The auditor confirmed with Muchea Water's Director that in the audit period, there were no notices given by Muchea Water about building work in the operating area that could affect the water supply infrastructure.	NP	NR
19	Section 87(2)	Clause 4.1.1	If a person makes an application with the State Administrative Tribunal for a review of a decision in respect of the licensee providing additional water services when a person has not responded to the licensee's notice, the	4	As per obligation 18.	NP	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
			licensee cannot provide the works until the application has been finally dealt with, except in limited circumstances.				
20	Section 90(7)	Clause 4.1.1	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.	4	As per obligation 18.	NP	NR
21	Section 95(3)	Clause 4.1.1	The licensee cannot cut off the supply of water to an occupied dwelling unless the occupier agrees to that.	2	The auditor confirmed with Muchea Water's Director that, during the audit period, the licensee did not cut off the supply of water to any occupied dwelling. The policy is to not cut off the water supply. This obligation is documented in the Customer Service Charter and the Maintenance Plan.	A	NR
22	Section 96(1)	Clause 4.1.1	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.	4	The auditor confirmed with Muchea Water's Director that there have been no requests from the Department of Fire and Emergency Services (DFES) to install fire hydrants.	NP	NR
23	Section 96(5)	Clause 4.1.1	The licensee must comply with requests made by FESA or a local government under sections 96(3) and 96(4) of the Act to the extent practicable and within a reasonable time.	4	Muchea Water's Director advised that no formal requests have been received from DFES or the local government authority.	NP	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
28	Section 119(2)	Clause 4.1.1	The licensee must include the information specified in a compliance notice given in relation to the matters set out in section 119(1).	4	The auditor confirmed with Muchea Water's Director that all construction is managed by Muchea Water or contracted, so no compliance notices would be issued. No compliance notices were issued to any customers re building work.	NP	NR
29	Section 122(2)	Clause 4.1.1	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.	4	As per obligation 28.	NP	NR
30	Section 125(2)	Clause 4.1.1	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 <i>Strata Titles Act 1985</i> .	4	The auditor confirmed with Muchea Water's Director that no fees are charged or apportioned between any single connections.	NP	NR
31	Section 128(4)	Clause 4.1.1	If the licensee has previously lodged a memorial with the Registrar, the licensee must lodge a withdrawal of memorial with Registrar along with the specified fee (if any) if the charge or contribution has been paid.	4	Muchea Water's Director advised that no memorials have been lodged in the audit period.	NP	NR
32	Section 129(5)	Clause 4.1.1	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 occupier of the place unless the occupier agrees otherwise.	4	The auditor confirmed with Muchea Water's Director that if entry was required, at least 48 hours' notice is given. For any planned interruptions to water services during the audit period, the required notice was given to residents. None required entry to the dwellings. Entry to all other places were given 48 hours' notice.	A	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
					This obligation is documented in the Customer Service Charter and the Maintenance Plan.		
33	Section 139(3)	Clause 4.1.1	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.	4	The auditor confirmed with Muchea Water's Director that no construction work was undertaken on any lots during the audit period. The obligation re fences is stated in the Maintenance Plan.	A	NR
34	Section 141(1)	Clause 4.1.1	A person authorised by the licensee may enter a road and exercise a works power of the licensee without consent, notice or warrant unless the exercise of the power involves opening or breaking up the surface of the road, or would cause a major obstruction of the road or disruption of the traffic, in which case the licensee must give at least 48 hours' notice to the public authority that has control or management of the road.	4	The auditor confirmed with Muchea Water's Director that any road works would include giving at least 48 hours' notice to the local government authority and the residents. The auditor confirmed with Muchea Water's Director that no works had been carried out in the audit period. This obligation is documented in the Maintenance Plan.	A	NR
35	Sections 142	Clause 4.1.1	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 by section 148.	4	The auditor confirmed with Muchea Water's Director and review of the Asset Management System documentation that no major works have occurred during the audit period since construction of the WTP and piping. The auditor confirmed that any major water works would include obtaining regulatory approvals and giving notice to the community and stakeholders. The procedures are stated in the Maintenance Plan.	A	NR
36	Sections 143 (2)	Clause 4.1.1	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.	4	As per obligation 35	A	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
37	Sections 143 (3)	Clause 4.1.1	The licensee must, within 5 days of publishing the plans and details on the licensee's website, give notice setting out the matters specified in section 143(4) to the persons and agencies specified.	4	As per obligation 35.	A	NR
38	Section 144(3)	Clause 4.1.1	The licensee must have regard to an objection or submission lodged within the relevant period.	4	As per obligation 35.	A	NR
39	Section 145(2)	Clause 4.1.1	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 to any person who is likely to be adversely affected by those alterations.	4	As per obligation 35.	A	NR
40	Section 147(3)	Clause 4.1.1	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).	4	As per obligation 35.	A	NR
41	Section 147(4)	Clause 4.1.1	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.	4	As per obligation 35.	A	NR
42	Section 151(1)	Clause 4.1.1	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.	4	The auditor confirmed by interview with Muchea Water's Director and review of the Asset Management System documentation that no general works have occurred during the audit period, apart from additional pipeline infrastructure. Any building works are assessed by the Shire of Chittering. Applications for water services from commercial customers are reviewed by Muchea Water's consultant engineers (GHD).	A	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
					The obligation for any general water works include obtaining regulatory approvals and giving notice to the community and stakeholders is documented in the Maintenance Plan.		
43	Section 151(2)	Clause 4.1.1	The licensee must give a notice of general works setting out the matters referred to in section 151(3) to the persons and agencies specified.	4	As per obligation 42.	A	NR
44	Section 152(3)	Clause 4.1.1	The licensee must have regard to an objection or submission lodged by the date specified in the notice given under section 151(2).	4	As per obligation 42.	A	NR
45	Section 153(3)	Clause 4.1.1	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.	4	As per obligation 42.	A	NR
45A	Section 160(1) <i>From July 2024</i>	Clause 4.1.1	A licensee, when providing water service works, may: <ul style="list-style-type: none"> deviate from any plan or description of, or proposal for, those works and make any modification to the plan, description or proposal that is require by the circumstance, if the deviation or modification is agreed to in writing by the owner and occupier of the affected land.	4	As per obligation 42. Any deviations from the Plan would be advised to the Shire of Chittering and the approval updated.	A	NR
46	Section 166(5)	Clause 4.1.1	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.	4	Muchea Water's Director advised that no advice re acquiring an interest in land, has been received from the Minister.	NP	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
47	Section 166(6)	Clause 4.1.1	Any costs incurred in taking an interest in land are to be paid by the licensee.	4	As per obligation 46.	NP	NR
48	Section 170	Clause 4.1.1	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 <i>Planning and Development Act 2005</i> , unless the Minister permits the licensee to do so.	4	As per obligation 46.	NP	NR
49	Section 173(4)	Clause 4.1.1	In relation to entry to a place for the purposes of doing works, in the circumstances specified, the licensee 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.	4	The auditor confirmed with Muchea Water's Director that there was no entry to premises in the audit period and if entry was required, at least 48 hours' notice would be given. The obligation to provide at least 48 hours' notice of entry is stated in the Customer Service Charter, Customer Contract and the Maintenance Plan.	A	NR
50	Section 174(1)	Clause 4.1.1	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.	4	The auditor confirmed with Muchea Water's Director and review of the procedures that 48 hours' notice would be given in writing and set out the purpose of entry, for any entry to outside of dwellings. There was no entry to premises in the audit period. The obligation is documented in the procedures stated in obligation 49.	A	NR
51	Section 174(3)	Clause 4.1.1	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.	4	The auditor confirmed with Muchea Water's Director that there were no unplanned entries to premises. The obligation is documented in the procedures stated in obligation 49.	A	NR
52	Section 175(2)	Clause 4.1.1	If an occupier is present when the licensee proposes to enter a dwelling,	4	The auditor confirmed with Muchea Water's Director that no entry was required to any dwelling.	A	NR

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			the licensee must perform the specified actions before entering the premises.		The obligation is documented in the procedures stated in obligation 49.		
53	Section 175(5)	Clause 4.1.1	If the licensee enters a dwelling that is unoccupied, the licensee must leave a notice, which includes the specified information, or a copy of the warrant (as applicable) in a prominent position in the dwelling before leaving the dwelling.	4	As per obligation 52.	A	NR
54	Section 176(1)	Clause 4.1.1	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.	4	The auditor confirmed with Muchea Water's Director that there were no instances of this obligation having occurred or being required. The obligation is documented in the procedures stated in obligation 49.	A	NR
55	Section 176(3)	Clause 4.1.1	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 if they are not able to do so.	4	As per obligation 54	NP	NR
56	Section 176(4)	Clause 4.1.1	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.	4	As per obligation 54.	NP	NR
57	Section 181	Clause 4.1.1	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.	4	As per obligation 54.	NP	NR

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58	Section 186	Clause 4.1.1	If the licensee applies for a warrant, the application must contain the specified information.	4	The auditor confirmed with Muchea Water's Director that no compliance notices or warrants had been applied for or issued during the audit period.	NP	NR
59	Sections 187(1) – (3)	Clause 4.1.1	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.	4	As per obligation 58.	NP	NR
60	Section 190(4)	Clause 4.1.1	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.	4	As per obligation 58.	NP	NR
61	Section 190(5)	Clause 4.1.1	On completing the execution of a warrant the licensee must record the specified information on that warrant.	4	As per obligation 58.	NP	NR
62	Section 210(5)	Clause 4.1.1	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 specified information.	4	The auditor confirmed with Muchea Water's Director that no persons have been designated as inspectors or compliance officers.	NP	NR
63	Section 218(2)	Clause 4.1.1	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.	4	The auditor confirmed with Muchea Water's Director that this obligation was complied with in the entry to any premises during the audit period. The obligation is documented in the procedures stated in obligation 49.	A	1
64	Section 218(3)	Clause 4.1.1	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,	4	The auditor confirmed with Muchea Water's Director that there was no physical damage that would require compensation.	A	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
			and pay compensation to the extent that it is not practicable to make good the damage.		The obligation is documented in the procedures stated in obligation 49.		
Water Services Regulations 2013							
65	Regulation 23(2)	Clause 4.1.1	If the licensee provides a water supply service in respect of a multi-unit development, the licensee must, on the request of the owner or the strata company, assess whether a meter is satisfactory for measuring the quantity or flow of water passing through a pipe supplying water to the unit.	4	The audit confirmed with Muchea Water's Director that there have been no requests to assess meters for multi-unit developments. This obligation is stated in the Customer Service Charter.	A	NR
66	Regulation 24(4)	Clause 4.1.1	If the licensee gives a compliance notice to a person in respect of access to meters, the notice must specify the specified information.	4	The auditor confirmed with Muchea Water's Director that no compliance notices were issued in the audit period.	NP	NR
67	Regulations 26(3)	Clause 4.1.1	If the owner or occupier requests the licensee to test a meter and pays the charge (if any) for testing that type of meter, the licensee must test the meter in accordance with a procedure approved by the CEO for the purpose of this regulation.	2	The auditor confirmed with Muchea Water's Director that there was one customer request to test a meter in the audit period. The meter was sent to the Water Corporation testing laboratory for testing that confirmed the meter was accurate to within 1.5% which is within the prescribed tolerance (+/- 5%). Muchea Water elected to not pass on the cost to the customer. The testing report was sighted. The obligation to test a meter is included in the Customer Contract.	A	1
68	Regulation 26(5)	Clause 4.1.1	If a meter test finds that the meter is outside the prescribed tolerance applicable, the licensee must take the specified actions, bear the costs of testing and refund or credit any charges paid under regulation 26(3).	2	As per obligation 67. The meter test was not outside the tolerance. The obligation to test a meter and any action is included in the Customer Contract.	A	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
69	Regulation 29(1)	Clause 4.1.1	The licensee must, on the written request of a developer who is required to pay the licensee an infrastructure contribution in respect of a subdivided lot, defer the payment of the contribution unless regulations 29(3) or 29(4) applies.	4	The audit confirmed with Muchea Water's Director that there would be no requests from developers to pay an infrastructure contribution and therefore, no requests to defer payment.	NP	NR
70	Regulation 42(2)	Clause 4.1.1	The written order requiring the owner or occupier of land to install a backflow prevention device must set out the date which the device must be installed and tested (which must be at least 7 days after the order is given).	4	The audit confirmed with Muchea Water's Director that Muchea Water's standard residential water meters include backflow prevention, and commercial/non-standard connection requirements are assessed on case by case basis to specify the backflow prevention device required. This obligation is documented in the Compliance and Reporting Register.	A	1
71	Regulation 43(3)	Clause 4.1.1	The compliance notice given by the licensee to the owner or occupier of land must specify that the backflow prevention device be tested or maintained in accordance with the standard and the date by which the testing or maintenance is required to be done (which must be at least 7 days after the day the notice is given to the owner or occupier).	4	As per obligation 70.	A	1
72	Regulation 43(6)	Clause 4.1.1	The compliance notice requiring the owner or occupier of land to have their backflow prevention device made good as specified in the notice must include the work that is required to be done, the manner in which the work is to be done and the date by which the work is to be done (which must be at least 7 days after the notice is given)	4	As per obligation 70.	A	1

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
74	Regulation 60(2)	Clause 4.1.1	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 is responsible for the infrastructure and may request that the person make the alterations within the time specified in the notice.	4	The auditor confirmed with Muchea Water's Director that any road works would include giving at least 48 hours' notice to the local government authority and the residents. The auditor confirmed with that no works had been carried out in the audit period. This obligation is documented in the Maintenance Plan.	A	NR
75	Regulation 63	Clause 4.1.1	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.	4	As per obligation 74.	A	NR
89	Regulation 85	Clause 4.1.1	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.	4	The auditor confirmed with Muchea Water's Director that no notices were given in the audit period for any water service works.	NP	NR
Water Services Code of Conduct (Customer Service Standards) 2024							
92	Clause 8(1)-(3)	Clause 4.1.1	<p>The licensee must have written information for customers about the specified matters regarding connections and the information must be publicly available.</p> <p>Note: The information required by subclause 8(2)(a) applies to the Water Corporation, Bunbury Water Corporation and Busselton Water Corporation only and the information required by subclause 8(2)(g) applies</p>	4	<p>The auditor sighted the information provided to customers and confirmed it covers the specified matters.</p> <p>The information is available online at the Muchea Water website and in hardcopy upon request.</p> <p>The obligation is stated in the Customer Contract.</p>	A	1

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
			only to licensees that supply potable water).				
93	Clause 9(2) and (4)	Clause 4.1.1	The licensee must ensure that, in any 12-month period, 90% of water supply service 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. <i>Note: Potable water supply only.</i>	4	There were new connections during the audit period from 49 in 2021/22 to a total of 81 in 2023/24 (75 residential connections) as confirmed by Muchea Water's Director and the Water Licence Performance Reports for the audit period submitted to the ERA. The 30 new small use customer (residential) connections in the audit period were connected within 10 business days. This obligation to is stated in the Customer Service Charter.	A	1
94	Clause 10(2)	Clause 4.1.1	If the licensee charges a fixed charge, the licensee must issue a bill for a fixed charge to each customer at least once in every 12-month period.	2	The audit confirmed with Muchea Water's Director and by review of invoices that an annual fixed charge is billed every 12 months. This obligation is included in the Customer Contract.	A	1
95	Clause 11(2)	Clause 4.1.1	If the licensee charges a quantity charge, the licensee must issue a bill - for a quantity charge at least once in every 4-month period to each customer.	2	The audit confirmed with Muchea Water's Director and by review of invoices that a usage charge based on an annual minimum usage and any usage above the standard usage is billed every 3 months and sent to the customers' address. The meter is read remotely. This was confirmed by review of invoices in November 2022, February 2024 and February 2025. This obligation is included in the Customer Contract.	A	1
96	Clause 11(3)	Clause 4.1.1	A bill for usage must be based on a meter reading to ascertain the quantity supplied or discharged.	2	The audit confirmed with Muchea Water's Director and by review of invoices that a usage charge based on an annual minimum usage and any usage above the standard usage is billed every 3 months The format of the invoice shows the annual fixed charge for the first 425kl as a "variable use charge" instead of a "service charge". This is a minor non-	A	2

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					compliance and the Director has confirmed this has been corrected on the invoices from April 2025. No further action is required. The fixed service charge is stated in the Customer Contract.		
97	Clause 11(4)	Clause 4.1.1	If an accurate meter reading is not possible, a bill for usage must be based on an estimate, in accordance with the specified regulations (if any), of the quantity of water supplied or wastewater discharged. (Note: The Water Services Regulations 2013 did not address the estimation of bills at the time this Reporting Manual was published).	2	The audit confirmed with Muchea Water's Director and by review of an invoice based on estimation that if an accurate meter reading is not possible, the usage is based on an estimate based on actual reading at a later date. The Customer Contract states that if an actual meter reading is not possible, an estimated consumption will be calculated on a basis which is representative of your consumption pattern. Also, if an accurate reading is not possible, the Water Billing Review Procedure available on the website states that a reasonable estimate of usage will be made.	A	1
98	Clause 11(5)	Clause 4.1.1	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 specified methods.	2	As per obligation 97.	A	1
98A	Clause 11(6)	Clause 4.1.1	Despite subclauses 11(4) and (5), a bill for usage based on a meter reading must be issued at least once in every 12-month period.	2	The audit confirmed with Muchea Water's Director and by review of invoices for September 2022, February 2024 and February 2025 that a usage charge based on a meter reading is billed every 3 months and sent to the customers nominated email address or if nominated, by post. The meter is read remotely. This obligation is included in the Customer Contract (section 4.2.3).	A	1

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
99	Clause 12(3)	Clause 4.1.1	A bill must be sent to the address of the place where the water service is provided or, to another address nominated by the customer.	4	As per obligation 98A.	A	1
99A	Clause 12(1) <i>From July 2024</i>	Clause 4.1.1	A licensee must allow a customer to choose to receive bills by post or email.	4	As per obligation 98A.	A	1
99B	Clause 12(2) <i>From July 2024</i>	Clause 4.1.1	The licensee must inform the customer of any charge for sending a bill when offering the choice under subclause 12(1).	4	The audit confirmed that any invoices sent by post have no additional charge. The option to impose a charge for posted invoices is included is the Customer Contract (section 4.2.3).	A	1
99C	Clause 12(4) <i>From July 2024</i>	Clause 4.1.1	A bill sent by email must be sent to an email address provided by the customer.	4	As per obligation 98A.	A	1
99D	Clause 12(5) <i>From July 2024</i>	Clause 4.1.1	A licensee must not charge for sending a bill when any one of the specified situations apply to the customer.	4	The audit confirmed that any invoices sent by post have no additional charge. The option to impose a charge for posted invoices is included is the Customer Contract (section 4.2.3).	A	NR
100	Clause 13(2)	Clause 4.1.1	Each bill must contain the prescribed information.	4	The audit confirmed by review of invoices for September 2022, February 2024 and February 2025 that the bills contain the prescribed information specified in Clause 13(2) of the Code of Conduct.	A	1
100A	Clause 13(7)	Clause 4.1.1	A bill issued for 2 or more water services must specify the charge payable for each water service.	4	The audit confirmed by review of invoices for September 2022, February 2024 and February 2025 that the bills are issued for only one water service.	A	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
101	Clause 13(3)	Clause 4.1.1	Each bill for usage for a metered water service must contain the specified information.	2	<p>The audit noted by review of invoices for September 2022, February 2024 and February 2025 that the bills contain the prescribed information specified in Clause 13(3) re meter readings with the following exceptions relating to missing information:</p> <p><u>Up to December 2023</u></p> <ul style="list-style-type: none"> Whether meter reading was actual or estimate (13(3)(a)) 2 most recent meter reading dates (13(3)(d)) Actual meter reading (13(3)(e)(i)) Quantity based on meter reading or estimate (13(3)(e)(ii) and 13(3)(f)). <p><u>December 2023 to July 2024</u></p> <ul style="list-style-type: none"> Whether meter reading was actual or estimate (13(3)(a)) 2 most recent meter reading dates (13(3)(d)) Actual meter reading (13(3)(e)(i)) Quantity based on meter reading or estimate (13(3)(e)(ii) and 13(3)(f)) <p><u>July 2024 to March 2025</u></p> <ul style="list-style-type: none"> 2 most recent meter reading dates (13(3)(d)). <p>This is a minor non-compliance and as the invoices have been corrected from April 2025, no further recommendation is made.</p> <p><i>An improvement is that the Customer Contract (section 4.2.2) should state the above meter reading information to be displayed on invoices.</i></p>	B	2
101A	Clause 13(4)	Clause 4.1.1	If a bill for usage for a metered water service was based on an estimate, the bill must inform the customer that the licensee will tell the customer the prescribed information on request.	2	<p>The audit confirmed with Muchea Water's Director and by review of an invoice based on estimation that if an accurate meter reading is not possible, the usage is based on an estimate based on actual reading at a later date. The audit sighted an email to</p>	A	1

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
					the customer advising the prescribed information about the estimate and how it was calculated. The Customer Contract states that if an actual meter reading is not possible, an estimated consumption will be calculated on a basis which is representative of your consumption pattern. Also, if an accurate reading is not possible, the Water Billing Review Procedure available on the website states that a reasonable estimate of usage will be made.		
102A	Clause 13(5)	Clause 4.1.1	Each bill must contain the prescribed information.	4	The audit confirmed by review of invoices for September 2022, February 2024 and February 2025 that the bills contain the prescribed information specified in Clause 13(5) of the Code of Conduct.	A	1
103	Clause 14(1)	Clause 4.1.1	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.	2	As per obligation 101A.	A	1
104	Clause 14(2)	Clause 4.1.1	If a bill is based on an estimate, 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.	2	As per obligation 101A.	A	1
104A	Clause 15(3)	Clause 4.1.1	Each bill for usage to which clause 15 applies must, in addition to the requirements of clause 13, contain the specified information.	2	The audit confirmed by review of invoices for September 2022, February 2024 and February 2025 that the bills contain the prescribed information about tiered usage charges specified in Clause 15(3) of the Code of Conduct	A	1
105	Clause 16(1)	Clause 4.1.1	The licensee must provide to the customer on request either or both of the following: <ul style="list-style-type: none"> a meter reading and a bill to determine the outstanding charges 	2	The auditor confirmed with Muchea Water's Director that customers are provided upon request, a meter reading and bill for outstanding charges (e.g. termination of contract) and if a Customer disputes an estimate, a meter reading and revised bill.	A	1

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			<p>for a period that is not the same as the usual bill cycle.</p> <ul style="list-style-type: none"> If the customer disputes an estimate on which a bill is based, a meter reading and revised bill. 		<p>This was confirmed by correspondence in the Customer Complaints Register.</p> <p>This obligation is stated in the Review of Billing Procedure.</p>		
106	Clause 17(2) and (3)	Clause 4.1.1	The licensee must have a written policy, standard or set of guidelines (available on the licensee's website and a hardcopy provided to a customer upon request at no charge) 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 from the customer's system.	2	<p>The auditor confirmed with Muchea Water's Director that there were no requests for discounts in the audit period.</p> <p>This policy is stated in the Leak Allowance Policy and the Review of Billing Procedure.</p>	A	1
107	Clause 18(2)	Clause 4.1.1	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.	4	The auditor confirmed with Muchea Water's Director that there were no undercharges in the audit period. This obligation is stated in the Review of Billing Procedure.	A	NR
108	Clause 18(3)	Clause 4.1.1	An undercharged amount must be the subject of, and explained in, a special bill or a separate item in the next bill.	4	As per obligation 107.	A	NR
109	Clause 18(4)	Clause 4.1.1	Subject to subclauses 18(6), (7), (8) or (9), the licensee must not charge interest or late payment fees on an undercharged amount.	4	As per obligation 107.	A	NR
110	Clause 18(5)	Clause 4.1.1	The licensee must allow a customer to pay an undercharged amount by way of a repayment plan that has effect for the duration of the shorter of the specified	4	As per obligation 107.	A	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
			periods starting on the day that the bill in subclause 18(3) is issued.				
111A	Clause 19(2)	Clause 4.1.1	The licensee must, within 15 business days of becoming aware of an overcharge, credit the overcharged amount to the customer's account or send the customer a notice informing the customer of the overcharging and recommending options for how the overcharged amount may be refunded or credited to the customer's account.	4	The auditor confirmed with Muchea Water's Director that there were no overcharges in the audit period. This obligation is stated in the Review of Billing Procedure.	A	NR
112A	Clause 19(3)	Clause 4.1.1	If the licensee sends the customer an overcharging notice and receives instructions from the customer about the refunding or crediting of the overcharged amount, the licensee must refund the overcharged amount, or credit the overcharged amount to the customer's account within 15 business days of the licensee receiving the instructions.	4	As per obligation 111A.	A	NR
112B	Clause 19(4)	Clause 4.1.1	If instructions from the customer about the refunding or crediting of the overcharged amount are not received by the licensee by the end of the period of 10 business days starting on the day on which an overcharging notice is sent, the licensee must credit the overcharged amount to the customer's account before the end of the period of the next 15 business days.	4	As per obligation 111A.	A	NR
112C	Clause 19(5)	Clause 4.1.1	The licensee must notify the customer immediately after crediting the overcharged amount to the customer's account under clause 19.	4	As per obligation 111A.	A	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
113	Clause 21(1)	Clause 4.1.1	The licensee must review a bill on the customer's request.	4	<p>Muchea Water's Director advised that there were some requests to review bills in the audit period.</p> <p>There were 12 requests to review bills in the audit period as documented in the Complaints Register. The audit reviewed 3 out of 12 requests (25%) and confirmed the customer was informed of the outcome within 15 business days (20 days in 2024 Code of Conduct). The initial responses were within 2 days of the request.</p> <p>The auditor sighted the Review of Billing Procedure that states that the outcome of a bill review will be advised to the customer within 15 business days of the request.</p>	A	1
113A	Clause 21(2) <i>From July 2024</i>	Clause 4.1.1	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 20 business days from the day the customer's request for review was received.	4	As per obligation 113.	A	1
113B	Clause 21(3) <i>From July 2024</i>	Clause 4.1.1	If the licensee does not complete a review before the end of the 20 business days, the licensee must notify the customer of the status of the review as soon as practicable after the end of that period.	4	As per obligation 113.	A	NR
114	Clause 22(1)	Clause 4.1.1	The license must have a written procedure for the review of a bill on the customer's request.	4	<p>The auditor sighted the Review of Billing Procedure that covers this obligation and is available on the website and in hardcopy upon request and at no charge.</p> <p>The obligation is also stated in the Customer Service Charter available on the website and in hardcopy upon request at no charge.</p>	A	1

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
115	Clause 22(2) and (4)	Clause 4.1.1	The review procedure in clause 22(1) must include the specified information and be available on the licensee's website and a hardcopy provided to a customer upon request at no charge.	4	<p>The Review of Billing Procedure includes the specified information as per Clause 22(2) & (3) including referral to the ombudsman if not satisfied except for the procedures do not include making an appeal to the State Administrative Tribunal, as per Clause 22(3)(b) below.</p> <p><i>Clause 22(3) - In relation to subclause (2)(c), the review procedure must state that the customer may, but is not required to, use the licensee's complaints procedure mentioned in clause 49 before or instead of:</i></p> <p><i>(a) applying to the water services ombudsman under a scheme approved under section 65 in respect of the complaint; or</i></p> <p><i>(b) making an appeal from, or applying for a review of, the decision that gave rise to the customer's request for review, if an appeal or review is available under regulations mentioned in section 222(2)(k).</i></p> <p><i>Under Section 222(2)(k), the procedures should also provide for appeals from, or the review of, decisions under this Act, including by providing for applications to be made to the State Administrative Tribunal for the review of such decisions.</i></p> <p>Recommendation 1/2025</p> <p><i>The Review of Billing Procedure and the Customer Service Charter should be updated to include a statement that after you have given us the opportunity to resolve your complaint, if you are still not satisfied with the outcome, you may refer your complaint to the independent complaint resolution service.</i></p> <p><i>A customer may, but does not have to, use the licensee's complaints procedure before or instead of applying to the Water Services Ombudsman or making an appeal from, or applying for a review of,</i></p>	B	3

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
					<i>the decision that gave rise to the complaint, to the State Administrative Tribunal</i>		
116	Clause 22(3)	Clause 4.1.1	The review procedure must state that the customer may but is not required to, use the licensee's complaints procedure mentioned in clause 46 before or instead of applying to the water services ombudsman or, if available, making an appeal from, or applying for a review of, the decision under regulations mentioned in section 222(2)(k) of the Act.	4	As per obligation 115.	B	3
117	Clause 20(5) <i>To June 2024</i>	Clause 4.1.1	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.	4	Muchea Water's Director advised that there were some requests to review bills in the audit period. There were 12 requests to review bills in the audit period as documented in the Complaints Register. The audit reviewed 3 out of 12 requests (25%) and confirmed the customer was informed of the outcome within 15 business days. The initial responses were within 2 days of the request. The auditor sighted the Review of Billing Procedure that states that the outcome of a bill review will be advised to the customer within 15 business days of the request.	A	1
117A	Clause 20(1)	Clause 4.1.1	The licensee must notify each of its customers of any change to the amount or rate of a water service charge in accordance with the requirements in subclause 20(2).	4	Muchea Water's Director confirmed there have been no changes to the water service charges in the audit period. However, the Customer Contract and Customer Charter do not specify the notice period to the customer. <i>It would be an improvement to include in the Contract and Charter that the notification of any change to the amount or rate of a service charge will be provided not later than when the next bill for</i>	B	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
					<i>a water service charge of that kind is issued and may be included in that next bill.</i>		
118	Clause 24	Clause 4.1.1	The time set by the licensee for the payment of a bill must be after 14 days from when the bill is issued.	4	The auditor sighted the due date on the invoices was at least 21 days after the issue date. The Customer Contract states that the invoice is due for payment 14 days after issue.	A	1
119	Clause 25(1)	Clause 4.1.1	The licensee must allow a customer to pay a bill using any of the specified methods selected by the customer.	4	The auditor sighted the invoices and confirmed they include the required prescribed methods of payment. The Customer Contract states that the customer can pay using any of the prescribed methods.	A	1
120	Clause 25(2)	Clause 4.1.1	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.	4	Muchea Water's Director confirmed there have been some customers on payment plans in the audit period and they were informed there were no fees or charges. The Customer Contract states that the customer can pay using any of the prescribed methods and there are no additional fees or charges.	A	1
121	Clause 26	Clause 4.1.1	Before receiving a bill payment by direct debit the licensee must obtain the written or oral express consent of the customer or of an adult person nominated by the customer to give consent.	4	The auditor confirmed with Muchea Water's Director that there were no requests to pay bills by direct debit in the audit period. This obligation is stated in the Customer Contract.	A	NR
122	Clause 27(1)	Clause 4.1.1	The licensee must accept payment in advance from a customer on a customer's request.	4	The auditor confirmed with Muchea Water's Director that there were no formal requests for payments in advance in the audit period. This obligation is stated in the Customer Contract.	A	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
123	Clause 28	Clause 4.1.1	The licensee must on request and at no charge redirect a customer's bills because of the customer's absence or illness.	4	The auditor confirmed with Muchea Water's Director that there were no requests to redirect customer bills in the audit period. This obligation is stated in the Customer Contract.	A	NR
123A	Clause 29(1) – (2) <i>From July 2024</i>	Clause 4.1.1	For each bill issued, the licensee must allow customers (all residential customers and the business customers who have notified the licensee that they are experiencing payment difficulties) to select one of the following options: <ul style="list-style-type: none"> • Additional time to pay a bill or • Choosing a payment plan for an amount owing by the customer to the licensee. 	4	Muchea Water's Director confirmed there have been some customers on payment plans or additional time to pay in the audit period and they were informed there were no fees or charges. The Customer Contract states that the customer can pay using any of the prescribed methods and there are no additional fees or charges. Also, the Review of Billing Procedure on the website. This is documented in the Financial Hardship Policy	A	1
124A	Clause 28(2) <i>To June 2024</i>	Clause 4.1.1	The licensee must advise a customer who has been assessed as experiencing payment difficulties that they have a right to pay the bill under a payment plan or other arrangement under which the customer is given more time to pay the bill or arrears, and the licensee must offer to enter into an appropriate plan or arrangement with the customer.	4	As per obligation 123A. This is documented in the Financial Hardship Policy	A	1
124B	Clause 30(1)	Clause 4.1.1	When formulating a payment plan to assist a customer, the licensee must take the customer's capacity to pay any bill. In the case of a bill for usage, the licensee must also take into account how much water has been supplied or wastewater has been discharged in previous billing periods.	4	Muchea Water's Director confirmed there have been some customers on payment plans or additional time to pay in the audit period and their capacity to pay was considered and agreement was reached. The usage was also considered. This was sighted in the Customer Complaints Register. This is documented in the Financial Hardship Policy	A	1

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
124C	Clause 28(4) <i>To June 2024</i>	Clause 4.1.1	The licensee must consider and decide whether or not the payment plan or other arrangement for a customer who has been assessed as experiencing payment difficulties should be interest-free, or fee-free, or both.	4	Muchea Water's Director confirmed there have been some customers on payment plans and no interest or fees have been charged. This is documented in the Financial Hardship Policy.	A	1
124D	Clause 30(4) <i>From July 2024</i>	Clause 4.1.1	If a customer accepts a payment plan, the licensee must provide the customer the specified information in writing within 5 business days of the customer accepting the payment plan, unless the customer has provided the specified information in the preceding 12 months.	4	Muchea Water's Director confirmed where a customer accepts a payment plan, the customer is provided with the specified information in an email within 5 business days.	NP	1
124E	Clause 30(6) <i>From July 2024</i>	Clause 4.1.1	A licensee must, in relation to a residential customer for whom a payment plan is being considered, offer the customer assistance to manage their bills for ongoing provision of services during the period of the payment plan.	4	Muchea Water's Director confirmed there have been some customers on payment plans or additional time to pay in the audit period and they were offered assistance to manage their bills for ongoing services. This was sighted in the Customer Complaints Register.	NP	1
124F	Clause 30(7) <i>From July 2024</i>	Clause 4.1.1	A licensee must, in relation to a business customer, consider and decide whether or not a payment plan should be interest-free, fee-free or both.	4	As per obligation 124E. There were no payment plans for business customers in the audit period.	NP	NR
124G	Clause 31(1) <i>From July 2024</i>	Clause 4.1.1	A licensee must review a payment plan at the request of a customer.	4	Muchea Water's Director confirmed that any requests to review a payment plan are considered, the prescribed information is provided to customers and any variations must be agreed with the customer. There have been requests to extend payment plans and the Director has reviewed the payment plans. This has been communicated to the customer and agreed with the customer. The	NP	1

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
					correspondence is documented in the Customer Complaints Register for the audit period. No customers have required further assistance under the Financial Hardship Policy. This obligation is documented in the Financial Hardship Policy.		
124H	Clause 31(2) <i>From July 2024</i>	Clause 4.1.1	The licensee must offer to vary a payment plan if a review of the payment plan, under subclause 31(1), indicates that the customer is unable to meet the payment plan obligations.	4	As per obligation 124G.	NP	1
124I	Clause 31(3) <i>From July 2024</i>	Clause 4.1.1	The licensee must, within 5 business days after the customer accepts an offer to vary the payment plan, provide the customer with information that clearly explains, and assists the customer to understand the variation.	4	As per obligation 124G.	NP	1
124J	Clause 31(4) and (5) <i>From July 2024</i>	Clause 4.1.1	A licensee must not vary a payment plan without the customer's agreement, where the agreement relates to the particular variation rather than under a general agreement to future variations.	4	As per obligation 124G.	NP	1
125	Clause 32(1) and (2)	Clause 4.1.1 and Schedule 3, clause 1.1.1	The licensee must have a written policy in relation to financial hardship that is approved by the ERA.	4	Muchea Water has a Financial Hardship Policy that was approved by the ERA on 24 February 2020 and updated with approval by the ERA on 16 December 2024 .	A	1
126A	Clause 32(3)	Clause 4.1.1	Unless the ERA approves otherwise, the licensee's financial hardship policy must comply with the ERA's guidelines (if any) in relation to financial hardship policies.	4	The Financial Hardship Policy complied with the ERA guidelines.	A	1

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
126B	Clause 32(4)	Clause 4.1.1	Unless the ERA approves otherwise, amendments to the licensee's financial hardship policy must be approved by the ERA and comply with the ERA's guidelines (if any) in relation to financial hardship policies.	4	As obligation 125.	A	1
127	Clause 32(5)	Clause 4.1.1	The licensee's financial hardship policy must be in effect within 6 months of the day of the grant of the licence.	4	The first Financial Hardship Policy was approved by the ERA on 24 February 2020 which was within 6 months of the licence being granted on 25 February 2020.	A	1
128	Clause 32(6)	Clause 4.1.1	The licensee's financial hardship policy must be available on the licensee's website and a hardcopy provided to a customer upon request at no charge.	4	The Financial Hardship Policy is available on the website and in hardcopy upon request.	A	1
129A	Clause 29(7) <i>To June 2024</i>	Clause 4.1.1	The licensee must review its financial hardship policy at least once in every 5-year period.	4	Muchea Water has a Financial Hardship Policy that was approved by the ERA on 24 February 2020 and updated with approval by the ERA on 16 December 2024 .	NP	1
129B	Clause 32(7)	Clause 4.1.1	The licensee must review its financial hardship policy if directed to do so by the ERA.	4	The auditor confirmed with Muchea Water's Director that there were no directions from the ERA in the audit period to review the Financial Hardship policy.	NP	NR
129C	Clause 32(8)	Clause 4.1.1	A licensee must consult with relevant consumer organisations whenever the licensee is developing a financial hardship policy or making a material amendment to its financial hardship policy.	4	The Financial Hardship Policy was approved by the ERA on 24 February 2020 and then the updated policy was approved by the ERA on 16 December 2024. There were no material amendments.	NP	NR
130A	Clause 33(2)	Clause 4.1.1	The licensee must advise a residential customer who has been assessed by the licensee as experiencing financial hardship that they have a right to pay the bill under an interest-free and fee-free	4	The auditor confirmed with Muchea Water's Director that in this audit period, there were some requests from customers to enter into a payment plan and this	A	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
			payment plan or other arrangement under which the customer is given more time to pay the bill or arrears, and the licensee must offer to enter into an appropriate plan or arrangement with the customer.		was agreed. No customers were assessed as experiencing financial hardship. This obligation is stated in the Financial Hardship Policy available on the website and in hardcopy upon request at no charge.		
130B	Clause 33(3)	Clause 4.1.1	When formulating a payment plan or other arrangement for a residential customer assessed by the licensee as experiencing financial hardship, the licensee must take the customer's capacity to pay the bill into account. In the case of a bill for usage, the licensee must also take into account how much water has been supplied or wastewater has been discharged in previous billing periods.	4	Refer obligation 130A.	A	NR
131A	Clause 33(4)(a)	Clause 4.1.1	The licensee must consider reducing the amount owing by the customer.	4	Refer obligation 130A.	A	NR
131B	Clause 33(4)(b)	Clause 4.1.1	The licensee must review, upon request, how a customer is paying a bill under subclauses 33(2) and (3) and revise the payment plan or arrangement if the review indicates the customer is unable to meet the obligations.	4	Refer obligation 130A.	A	NR
131C	Clause 33(4)(c)	Clause 4.1.1	The licensee must provide the specified written information to a customer.	4	Refer obligation 130A.	A	NR
133	Clause 34(4) and (5)	Clause 4.1.1	The licensee must have written information regarding the payment schemes and other assistance that is available to customers. The information must be available on the licensee's	4	The information is stated in the Financial Hardship Policy available on the website and is available in hardcopy upon request at no charge.	A	1

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
			website and a hardcopy provided to a customer upon request at no charge.				
133A	Clause 35	Clause 4.1.1	The licensee must not charge interest or fees for late payment of a bill by a customer in the specified circumstances.	4	The auditor confirmed with Muchea Water's Director that no interest or fees are charged for late payment of a bill for any customers on payment plans or other assistance.	A	1
134	Clause 36(1)(a)-(c)	Clause 4.1.1	The licensee must not commence or continue proceedings to recover a debt from a customer if the customer is complying with a payment plan or other arrangement or is being assessed for financial hardship.	4	The auditor confirmed with Muchea Water's Director that there have been no proceedings to recover a debt.	A	1
134A	Clause 36(1)(d)-(e)	Clause 4.1.1	The licensee must not commence or continue proceedings to recover a debt from a customer if a complaint made by the customer to the licensee or water services ombudsman, which directly relates to the water service charge to which the debt relates, is not resolved by the licensee (or is not determined or is upheld by the ombudsman).	4	The auditor sighted the Customer Complaint Register and noted there were some complaints re water quality, restricted pressure and meter readings in the audit period. All complaints were resolved. There were no actions to recover a debt. This obligation is stated in the Customer Service Charter and the Financial Hardship Policy.	A	1
135	Clause 43(1)	Clause 4.1.1	If the licensee has cut off or reduced the rate of flow of water to land under section 95(1)(b) of the Act, the licensee must restore the supply of water if the amount owing is paid, or if the customer enters into a payment arrangement for the amount owing that is satisfactory to the licensee.	4	The auditor confirmed with Muchea Water's Director that there were no requests from customers re financial hardship in the audit period. This obligation is stated in the Financial Hardship Policy available on the website and in hardcopy upon request at no charge. Muchea Water's Director confirmed there have been no water restrictions or supply cut off in the audit period.	A	NR
136	Clause 43(2)	Clause 4.1.1	If the licensee has, under section 95(1)(a), (c), (d) or (e) of the Act, cut off or reduced the flow of water, the licensee must restore the supply of	4	Refer obligation 135.	A	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
			water if the licensee is satisfied that the reason for the disconnection or reduction no longer applies.				
137A	Clause 39(1)	Clause 4.1.1	The licensee must not start a water supply restriction unless the licensee has given the customer a reminder notice (that includes the information specified in clause 38), the water service charge has still not been paid in full, and the licensee has given the customer a restriction notice.	4	Refer obligation 135.	A	NR
137B	Clause 39(2)	Clause 4.1.1	The licensee must not give a customer a restriction notice less than 7 days before the day on which the water supply restriction is proposed to start.	4	Refer obligation 135.	A	NR
137C	Clause 39(3)	Clause 4.1.1	The restriction notice must include the specified information.	4	Refer obligation 135.	A	NR
138	Clause 40(1)(a) and (c) and (h) <i>Cl. 41(b)</i>	Clause 4.1.1	The licensee must not start a water supply restriction if any of the specified circumstances apply.	4	Refer obligation 135.	A	NR
138A	Clause 37(1)(f)-(g) <i>To June 2024</i>	Clause 4.1.1	The licensee must not start a water supply restriction if the specified circumstances apply.	4	Refer obligation 135.	A	NR
138B	Clause 41	Clause 4.1.1	The licensee must not start a water supply restriction on or during the specified times.	4	Refer obligation 135.	A	NR
139	Clause 42	Clause 4.1.1	The licensee must not, under section 95(1)(b) or (2) of the Act, reduce the rate	4	Refer obligation 135.	A	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
			of flow of water to a customer to below 2.3 litres each minute.				
142	Clause 44(5)	Clause 4.1.1	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.	4	Refer obligation 135.	A	NR
144	Clause 44(6)	Clause 4.1.1	The licensee (other than the Water Corporation) must ensure that there is at least a 90% compliance rate with subclause 44(5) in any 12-month period ending on 30 June.	4	Refer obligation 135.	A	NR
144A	Clause 46(1)	Clause 4.1.1	The licensee must give notice of a planned service interruption to each customer that will be affected by the service interruption.	4	The auditor confirmed with Muchea Water's Director that there were some planned interruptions in the audit period and that at least 48 hours' notice was provided to customers. This obligation is stated in the Customer Contract, Customer Charter and Maintenance Plan.	A	1
144B	Clause 46(2)	Clause 4.1.1	The notice of a planned service interruption must be given within the specified timeframes.	4	Refer obligation 144A.	A	1
144C	Clause 47(1)	Clause 4.1.1	The licensee must have policies, practices and procedures for dealing with and minimising the impact of a burst, leak or blockage in its water supply works or sewerage works.	4	The auditor sighted the Leaks and Burst Mains Procedure on the Muchea Water website that includes the required procedures. This obligation is also documented in the Maintenance Plan.	A	1
144D	Clause 47(2)	Clause 4.1.1	The policies, practices and procedures under subclause 47(1) must deal with the specified matters.	4	The procedures noted in obligation 144C deal with the prescribed matters.	A	1
144E	Clause 48	Clause 4.1.1	The licensee must provide a 24 hour information line by means of which, at the cost of a local telephone call (excluding mobile telephones), a	4	The auditor confirmed that a 24 hour information line is available with the contact details on the Muchea	A	1

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
			customer can notify the licensee of emergencies and faults, and get information about the reason for, and the expected duration of, any unplanned service interruption.		Water website "Faults and Outages" page and in the Customer Service Charter.		
145	Clause 49(1)	Clause 4.1.1	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.	4	The auditor sighted the complaints procedure in the Customer Service Charter. The procedure includes the required information.	A	1
146	Clause 49(2)	Clause 4.1.1	The licensee's complaints procedure must be developed using as minimum standards the relevant provisions of AS 10002-2022 and the ERA's guidelines (if any).	4	The complaints procedure on the Muchea Water website is compliant with the relevant provisions of AS ISO 10002-2022 and the ERA's Customer Complaints Guidelines dated December 2016.	A	1
147	Clause 49(3)	Clause 4.1.1	The licensee's complaints procedure must provide for the matters specified in relation to lodgment of complaints, acknowledging complaints, responding to complaints and dispute resolution arrangements.	4	The audit reviewed the Customer Service Charter and confirmed the complaints procedure includes how complaints are to be lodged and recorded, dispute resolution arrangements, time limits and methods for responding, and the alternative of referring a complaint to the Energy and Water Ombudsman.	A	1
148A	Clause 49(4)	Clause 4.1.1	The licensee's complaints procedure must list the procedures available to the customer under the Act as to applying to the water services ombudsman or making an appeal from, or applying for a review of, the decision that gave rise to the complaint, if an appeal or review is available under regulations mentioned in section 222(2)(k).	4	Refer obligation 147. The procedure covers this obligation.	A	1

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
149	Clause 49(5)	Clause 4.1.1	The licensee's complaints procedure must be available on the licensee's website and a hardcopy provided to a customer upon request at no charge.	4	The auditor confirmed the complaints procedure in the Customer Service Charter is available on the website, including a Complaints link, and in hardcopy upon request at no charge.	A	1
149A	Clause 50	Clause 4.1.1	A licensee must inform the customer of the outcome of a complaint and, unless the customer has advised the licensee that the complaint has been resolved in a manner acceptable to the customer, provide information as specified in subclause 50(b).	4	<p>The auditor sighted the Customer Complaint Register and noted there were complaints re water quality, water pressure, service interruption and billing in the audit period. All complaints were responded to within 2 days including the resolution and reasons for the outcome of the complaint. This was confirmed by review of the detailed recording of the complaints and resolution in the Customer Complaints Register.</p> <p>The customers were advised of their right to contact the Ombudsman and the freecall number in the Customer Service Charter on the website.</p> <p>The information is available in the Customer Service Charter on the website and in hardcopy upon request at no charge.</p> <p>The obligation re review by the Energy and Water Services Ombudsman is stated in the Customer Service Charter and the Financial Hardship Policy.</p>	A	1
150	Clause 51(1)	Clause 4.1.1	The licensee must provide a customer with the specified services or documents on request and at no charge.	4	<p>Muchea Water's Director confirmed the specified services (information requests, etc.) are provided to customers upon request and at no charge.</p> <p>The auditor confirmed that the specified information set out in Clause 51(1) of the Code is available to customers in the Customer Service Charter (updated Jan. 2025) and the Customer Contract on the website and is available in hardcopy upon request at no charge.</p>	A	1
152	Clause 51(2)	Clause 4.1.1	The licensee must make available to each customer, on request and at no	4	During the audit period, there were 11 requests from customers for information about the quality of water	C	1

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
	and (3)		charge, the customer's personal account information including information about bills previously issued to the customer and about the quantity of water supplied to, or wastewater discharged by, the customer in previous billing periods within 5 business days after the request is made.		<p>supplied The auditor sighted the details of the correspondence with the customer recorded in the Customer Complaint Register. All complaints were responded to within 5 business days and generally on the same day the request was made.</p> <p>This obligation is documented in the Customer Service Charter (Jan. 2025) available on the website and in hardcopy upon request and at no charge. Also, the Review of Billing Procedure on the website. However, the Charter and the Review of Billing Procedure state we will respond to your enquiry within 15 business days rather than 5 business days. (5 business days applied from July 2024 when the Code of Conduct was updated).</p> <p>Recommendation 2/2025</p> <p><i>The review of billing in the Customer Service Charter and the Review of Billing Procedure should state that a response will be provided within 5 business days.</i></p>		
153	Clause 52(1)	Clause 4.1.1	The licensee must make the specified information publicly available.	4	The auditor confirmed that the specified information set out in Clause 52(1) of the Code is available to customers in the Customer Service Charter and the Customer Contract on the website and is available in hardcopy upon request at no charge.	A	1
154	Clause 52(2)	Clause 4.1.1	The licensee must ensure that the specified information about bills may be obtained from its website.	4	The information about the customer complaints procedure per Clause 52(2) is available on the Mucnea Water website.	A	1
154A A	Clause 52(3) <i>From July 2024</i>	Clause 4.1.1	The licensee must ensure that the specified information about Part 9 may be obtained from its website.	4	<p>Part 9 of the Code of Conduct specifies the requirements for supply of water to persons with special requirements or needs.</p> <p>This obligation is stated in the Customer Contract (Residential) available on the website. The Mucnea</p>	C	2

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
					<p>Water Director confirmed there have been no requests from customers re preserved supply.</p> <p>However, there is no information on the website about how to apply to be included on the Preserved Supply Register.</p> <p>There is some information in the Customer Contract on the website about how to notify Muchea Water if kidney dialysis machines are used by a customer but this does not cover all aspects of “preserved supply” as per clause 54 of the Customer Service Standards 2024.</p> <p>Recommendation 3/2025</p> <p>a) <i>Information on how a customer can apply to be included on the Preserved Supply Register should be included on the website and have a link in the Account Establishment Form – Residential.</i></p>		
154A	Clause 52(4)	Clause 4.1.1	The licensee must ensure that its website contains a link to the current version of this code appearing on the WA legislation website.	4	<p>The Muchea Water website has a link to the previous 2018 Code of Conduct on the home page. There is no link to the current version of the <i>Water Services Code of Conduct (Customer Service Standards) 2024</i> on the WA legislation site.</p> <p>Recommendation 4/2025</p> <p><i>The website link to the previous 2018 Code of Conduct needs to be updated to link the Water Services Code of Conduct (Customer Service Standards) 2024 on the WA legislation site.</i></p>	NP	3
154B	Clause 54(2)	Clause 4.1.1	The licensee must maintain an up-to-date preserved supply register for the purposes of Part 9 of the Code if the licensee meets the criteria in clause 54(1). The register must record the prescribed information in clauses 54(2)(b) and 54(4).	2	<p>The auditor sighted the Preserved Supply Register and confirmed that it included the prescribed information. There were no customers recorded for Muchea Water.</p> <p>This obligation is stated in the Customer Contract and the Compliance and Reporting Register.</p>	A	1

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
154C C	Clause 54(3) <i>From July 2024</i>	Clause 4.1.1	The licensee must, within 5 business days after recording a person on the register, provide the specified information in writing to the person.	2	<p>The auditor sighted the Preserved Supply Register and confirmed that it included the prescribed information. There were no customers recorded for Muchea Water.</p> <p>There is no procedure for requests from customers to be included on the Preserved Supply Register.</p> <p>Also, the Preserved Supply obligations are not included in the Compliance and Reporting Register. The Register has not been updated for the 2024 Code of Conduct.</p> <p>Recommendation 3/2025</p> <p><i>b) There should be a documented procedure for a customer request to be included on the Preserved Supply Register including confirmation to the customer, review every 3 years and no flow reduction.</i></p>	C	NR
154C	Clause 55	Clause 4.1.1	The licensee must not, under section 95(1)(b) of the Act, reduce the rate of flow of a supply of water to a supply address recorded on the preserved supply register.	2	<p>The auditor sighted the Preserved Supply Register and confirmed that it included the prescribed information. There were no customers recorded for Muchea Water.</p> <p>As there is no procedure that states this obligation of Muchea Water for any customers on the Preserved Supply Register and this is a high priority obligation, this has been rated as C (Inadequate controls – significant improvement required).</p> <p>Refer recommendation 3/2025.</p>	C	NR
154D	Clause 56	Clause 4.1.1	Despite clause 46(3), in the case of a service interruption that will affect a supply address recorded on the preserved supply register, the notice required by clause 46(1) must be given in the specified manner.	2	<p>As per obligation 154C.</p> <p>Refer recommendation 3/2025.</p>	C	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
Other License conditions							
155	<i>Water Services Act</i> Section 12	Clause 4.2.1	The licensee must pay the applicable fees and charges in accordance with the Economic Regulation Authority (Licensing Funding) Regulation 2014.	4	The auditor confirmed the annual fees to the ERA for 2021/22, 2022/23 and 2023/24 have been paid by the due date. There were no non-compliances in the Annual Compliance Reports to ERA for the audit period. This obligation is stated in the Compliance and Reporting Register.	A	1
159	<i>Water Services Act</i> Section 12	Clause 4.1.2	The licensee must comply with a direction from the ERA in relation to a breach of applicable legislation.	4	The auditor confirmed with Muchea Water's Director and by review of ERA's website that the ERA did not issue a direction in relation to a breach of applicable legislation during the audit period.	NP	NR
160	<i>Water Services Act</i> Section 12	Clause 4.6.1	The licensee and any related body corporate must maintain accounting records that comply with standards issued by the Australian Accounting Standards Board or equivalent International Accounting Standards.	4	The auditor reviewed Aqua Ferre (Muchea) Pty Ltd's Financial Statements for 2022/23 and 2023/24 prepared by external accountants that confirmed the accounting records comply with accounting standards.	A	1
161	<i>Water Services Act</i> Section 12	Clause 5.2.1	The licensee must comply with any individual performance standards specified by the ERA.	2	The water services licence (Schedule 2) requires Muchea Water to supply customers with a pressure between 15m and 100m. These pressures are expected to be delivered to the water service connection point (i.e. at the water meter). The pressure for the Wildflower Ridge development is supplied by pumping from the treated water storage at the Muchea Water treatment site. It delivers a pressure of 30 to 35m. The pressure each customer receives at their water service offtake depends on the ground level and on the pressure losses that occur in the water reticulation network, which vary depending on water demands and flows in the pipes. Recent measurement of pressure (by Muchea Water) at taps within some houses at Wildflower Ridge indicated pressure ranging between 30m and 54m	A	1

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
					<p>(substantially better than the 15m requirement at the water meter). Muchea Water also advised each time a new water service connection is made a pressure test is performed to ensure the minimum pressure requirement is supplied.</p> <p>Receiving the minimum licence requirement for 15m pressure may not be enough pressure for some customers. Noting the pressures supplied at Wildflower Ridge appear to be higher, 15m is a low pressure that may result in customer complaints regardless of it meeting licence conditions.</p> <p>The required performance standards are documented in the AMP.</p>		
162	<i>Water Services Act</i> Section 12	Clause 5.3.4	The licensee must cooperate with the independent expert and comply with the ERA's audit and review guidelines dealing with the operational audit.	4	This audit/review is designed in accordance with the Audit Guidelines. The licensee has fully co-operated with this audit.	A	1
163	<i>Water Services Act</i> Section 12	Clause 4.7.1(a), (b), (c)	The licensee must report to the ERA, in the manner specified, if a licensee is under external administration or there is a change in the circumstances upon which the licence was granted which may affect a licensee's ability to meet its obligations.	4	The auditor confirmed by interview and review of Muchea Water's Financial Reports for the audit period that it was not under external administration during the audit period.	NP	NR
165	<i>Water Services Act</i> Section 12	Clause 4.8.1	The licensee must provide the ERA specified information relevant to the operation of the licence or the licensing scheme, or the performance of the ERA's function under the Act in the manner and form specified by the ERA.	2	<p>In accordance with the Water Compliance Reporting Manual July 2024 and previous version 2021, Muchea Water is required to submit to the ERA:</p> <ul style="list-style-type: none"> • Annual performance reports no later than 31 August for the reporting year ending 30 June; and • Annual compliance reports by 31 August for the year ending 30 June. • Annual standing charge customer data by 31 August for the year ending 30 June. 	A	2

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
					<p>The auditor reviewed Muchea Water's correspondence with the ERA and the Compliance and Performance Reports for 2021/22, 2022/23 and 2023/24 and confirmed the reports had been submitted by the due dates with the exception of the 2023/24 report which the ERA advised was submitted after the due date of 31 August 2024. This is considered a minor non-compliance and did not affect customers.</p> <p>As this obligation with due dates and actual dates is now recorded in the Compliance and Reporting Register, no further recommendation is made.</p>		
167	<i>Water Services Act</i> Section 12	Clause 4.8.2	The licensee must provide the ERA with the data required for performance reporting purposes that is specified in the Water, Sewerage and Irrigation Licence Performance Reporting Handbook, and the National Performance Framework that apply to the licensee.	4	<p>The auditor reviewed Muchea Water's correspondence with the ERA and the Compliance and Performance Reports for 2021/22, 2022/23 and 2023/24 and confirmed the reports had been submitted with the required data. However, the 2023/24 Performance Report was submitted after the due date of 31 August 2024. This is considered a minor non-compliance and did not affect customers.</p> <p>As this obligation with due dates and actual dates is now recorded in the Compliance and Reporting Register, no further recommendation is made.</p>	A	2
168	<i>Water Services Act</i> Section 12	Clause 3.8.1 and 3.8.2	Subject to clause 3.8.3, the licensee must publish within the specified timeframe any information that the ERA has directed the licensee to publish under clause 3.8.1.	4	The auditor confirmed with Muchea Water's Director that there were no directions from the ERA to publish information.	NP	NR
169	<i>Water Services Act</i> Section 12	Clause 3.7.1	Unless otherwise specified, all notices must be in writing.	4	The auditor reviewed Muchea Water's correspondence with the ERA in the audit period and confirmed compliance. All correspondence observed was in hardcopy letter or email.	A	1

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
170A	<i>Water Services Act</i> Section 12	Clause 5.1.2(a) and (b)	The licensee must notify the ERA of the details of the asset management system within five business days from the later of: a) the commencement date; or the completion of construction of the licensee's water service works.	4	The ERA has been notified of and has approved the asset management system as part of the Licence approval.	A	1
171	<i>Water Services Act</i> Section 12	Clause 5.1.3	The licensee must notify the ERA of any material change to the asset management system within 10 business days of the change.	4	The auditor confirmed with Muchea Water's Director and field observations that no material changes have been made to the Asset Management System (AMS) during the audit period. This obligation is included in the Compliance and Reporting Register.	A	NR
172	<i>Water Services Act</i> Section 12	Clause 5.1.7	The licensee must cooperate with the independent expert and comply with the ERA's audit and review guidelines dealing with the asset management system review.	4	This review is being undertaken in accordance with the Audit and Review Guidelines. The licensee has fully co-operated with this asset management review.	A	1
172A	<i>Water Services Act</i> Section 12	Clause 6.1.1	If the ERA considers that one or more of a licensee's standard terms and conditions of service is no longer in the public interest, the ERA may direct the licensee: a) to amend: I. the standard term or condition of service; or II. the standard term or condition of service in accordance with a term proposed by the ERA; and a) to do so within a specified period.	4	Muchea Water's Director confirmed there has been no directive from the ERA.	NP	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
172B	Water Services Act Section 12	Clause 6.1.2	The licensee must comply with a direction given to the licensee under clause 6.1.1.	4	Muchea Water's Director confirmed there has been no directive from the ERA.	NP	NR
181	<i>Water Services Act</i> Section 12	Clause 6.3.1	If the licensee is appointed as the supplier of last resort for a designated area in relation to the provision of a particular water service, 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.	4	The auditor confirmed with Muchea Water's Director that Muchea Water was not appointed as a supplier of last resort.	NP	NR
182	<i>Water Services Act</i> Section 12	Clause 4.4.1(b)	If the licensee provides a water service outside of the operating area the licensee must apply to amend the licence unless otherwise notified by the ERA.	4	The auditor confirmed with Muchea Water's Director and by review of Asset Management System documentation and observation that Muchea Water does not provide a water service outside of the operating area set out in Plan Number: OWR-OA-317 (A). This obligation is stated in the Compliance and Reporting Register.	A	1
184	<i>Water Services Act</i> Section 12	Clause 7.1.1	Where the licensee provides potable water, the licensee must enter into a Memorandum of Understanding with the Department of Health as soon as practicable after the commencement date or as otherwise agreed with Department of Health.	4	The auditor sighted the Memorandum of Understanding ('MOU') between the Department of Health ('DOH') and Muchea Water for Drinking Water dated 26 May 2021. The Water Treatment Plant commenced operation in May 2021. The DOH obligations are stated in the Compliance and Reporting Register.	A	1
185	<i>Water Services Act</i>	Clause 7.1.4	A Memorandum of Understanding must comply with the specified requirements in relation to legal standing of the	4	The auditor sighted the Memorandum of Understanding ('MOU') between the Department of Health ('DOH') and Muchea Water for Drinking	A	1

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
	Section 12		document and compliance audits by the Department of Health.		Water dated 26 May 2021. The document complies with the legal standing required. There have been no compliance audits in the audit period. The DOH obligations are stated in the Compliance and Reporting Register.		
186	<i>Water Services Act</i> Section 12	Clause 7.1.5	The licensee must comply with the terms of a Memorandum of Understanding.	4	<p>The auditor confirmed with Muchea Water's Director and by review of documentation and observation of the plant and testing results that the MOU was complied with as follows:</p> <ul style="list-style-type: none"> • Provision of an annual report on the required drinking water quality information for the areas covered in the MOU for 2021/22, 2022/23 and 2023/24. Quarterly reports have been provided since the September 2021 quarter. • The MOU is available on the website. • All materials and substances used in contact with drinking water are approved by the Department of Health. • Regular meetings (quarterly) are conducted between Muchea Water and the Department of Health in relation to Drinking Water Quality matters. • Muchea Water recognises and supports the ongoing work of the Advisory Committee for the Purity of Water. • Muchea Water has a documented incident management protocol for dealing with water quality incidents. • The Australian Drinking Water Guidelines published by the National Health and Medical Research Council. <p>This obligation is stated in the Compliance and Reporting Register.</p>	A	1

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
187	<i>Water Services Act</i> Section 12	Clause 7.1.6	The licensee must publish in the form agreed with the Department of Health, a Memorandum of Understanding and any amendments to a Memorandum of Understanding within one month of signing or making the amendment. <i>(Potable water and sewerage services).</i>	4	The auditor confirmed the MOU has been published on the Muchea Water website within one month of signing. This obligation is stated in the Compliance and Reporting Register.	A	1
188	<i>Water Services Act</i> Section 12	Clause 7.1.7	The licensee must publish the audit report on compliance with its obligations under a Memorandum of Understanding on its website within one month of the completion of the audit or a frequency specified by the Department of Health.	4	The auditor confirmed with Muchea Water's Director that there have been no DOH audits to date. This obligation is stated in the Compliance and Reporting Register.	A	NR
189	<i>Water Services Act</i> Section 12	Clause 7.1.8	The licensee must publish, in a form agreed with the Department of Health, any other reports required by the Department of Health or required by a Memorandum of Understanding on the licensee's website, at a reporting frequency specified by the Department of Health.	4	The Quarterly Reports required by the MOU have been published on the website for the audit period since the plant commenced operation. The DOH obligations are stated in the Compliance and Reporting Register.	A	1
190	<i>Water Services Act</i> Section 12 <i>To June 2024</i>	Schedule 2	The licensee must comply with the standards set out in Schedule 2 of the licence.	2	The water services licence (Schedule 2) requires Muchea Water to supply customers with a pressure between 15m and 100m. These pressures are expected to be delivered to the water service connection point (i.e. at the water meter). The pressure for the Wildflower Ridge development is supplied by pumping from the treated water storage at the Muchea Water treatment site. It delivers a pressure of 30 to 35m. The pressure each customer receives at their water service offtake depends on the ground level and on the pressure losses that occur in the water reticulation network, which vary depending on water demands and flows in the pipes. Recent measurement of pressure (by Muchea Water) at taps	A	1

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
					<p>within some houses at Wildflower Ridge indicated pressure ranging between 30m and 54m (substantially better than the 15m requirement at the water meter). Muchea Water also advised each time a new water service connection is made a pressure test is performed to ensure the minimum pressure requirement is supplied.</p> <p>Receiving the minimum licence requirement for 15m pressure may not be enough pressure for some customers. Noting the pressures supplied at Wildflower Ridge appear to be higher, 15m is a low pressure that may result in customer complaints regardless of it meeting licence conditions.</p> <p>The required performance standards are documented in the AMP and the Customer Service Charter.</p>		
190A	<i>Water Services Act</i> Section 12 <i>From July 2024</i>	Schedule 2 Clause 1.1	The water service works provided by the licensee, for the purpose of water supply services, shall be designed, constructed, operated and maintained to provide continuity of pressure and flow for the services in accordance with the specified standards in Schedule 2.	2	As per obligation 190.	A	1
190B	<i>Water Services Act</i> Section 12 <i>From July 2024</i>	Schedule 2 Clause 1.2	<p>The licensee must notify:</p> <ul style="list-style-type: none"> new customers upon purchase of the affected property as soon as practicable; and existing customers at least annually, if the pressure and flow of the water supplied to the customer's property falls outside of the pressure and flow range standards specified in Schedule 2 clause 1.1. 	2	<p>As noted in obligation 190, the required pressure and flow has been maintained and is continuously monitored from the WTP and tested for all new connections. Muchea Water's Director confirmed that if they did detect issues with flow pressure, they would notify affected customers immediately by telephone, email or door knock.</p> <p>Therefore, no notifications to customers of pressure and flow outside of the standard have been required in the audit period.</p>	A	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
190C	<i>Water Services Act</i> Section 12 <i>From July 2024</i>	Schedule 2 Clause 1.3	The licensee must notify the ERA annually of any restrictions applied in accordance with the <i>Water Services Regulations 2013</i> to a potable water supply, detailing restrictions by scheme, type (severity), duration, start date and number of services affected	2	The auditor confirmed with Muchea Water's Director that there have been no restrictions that required reporting to the ERA in the audit period. This obligation is not stated in the Compliance and Reporting Register as it has not been updated for the 2024 Code. Recommendation 5/2025 <i>The Compliance and Reporting Register should be updated for the changes in the Water Services Code of Conduct (Customer Service Standards) 2024 since the previous 2018 version, including the Preserved Supply Register obligations, Performance Standards, etc.</i>	C	NR
Water Services Code of Practice (Family Violence) 2020⁷.							
191	Clause 5(1)	Clause 4.1.1	The Licensee must have a family violence policy that sets out the matters specified in clause 5(1).	4	The auditor confirmed with Muchea Water's Director that a Family Violence Policy (reviewed July 2022). The auditor sighted the Family Violence Policy on the website and confirmed it sets out the required matters.	A	1
192	Clause 5(2)	Clause 4.1.1	The licensee must have a family violence policy before the end of the six- month period starting on either: 9 December 2020; or if the day of the grant of the licensee's licence is after 9 December 2020, the day of the grant of the licensee's licence.	4	Refer obligation 191.	A	1
193	Clause 6	Clause 4.1.1	A licensee must publish its family violence policy on its website and provide	4	The auditor confirmed the policy is published on the website and is also available in hardcopy at no charge.	A	1

⁷ This Water Services Code of Practice (Family Violence) 2020 applies the Code to a licensee that provides a water service to a residential customer. A "residential customer" in the Code means a customer who uses the place where a water service is provided, solely or primarily as the customer's dwelling

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
			a hard copy of the policy to a customer on request and at no charge.				
194	Clause 7	Clause 4.1.1	A licensee must review its family violence policy at least once in every 5- year period, and additionally, if directed to do so by the Minister.	4	The policy was first issued on 2 July 2021 and reviewed July 2022. The policy states that it will be reviewed at least every 5 years.	A	1
195	Clause 8(1)	Clause 4.1.1	A licensee must maintain adequate records in relation to compliance with this code or any policy made under the code.	4	The auditor confirmed with Muchea Water's Director and by review of the Family Violence Policy and general record-keeping of Muchea Water, that adequate records would be maintained.	A	1
196	Clause 8(2)	Clause 4.1.1	If the licensee is not a government organisation according to the <i>State Records Act 2000 (WA)</i> , a record that relates to a customer, must be retained for at least 7 years after the last communication between the licensee and the customer, or water services ombudsman. If the record does not relate to a customer, then the record must be kept for at least 7 years after the record is made.	4	The auditor confirmed with Muchea Water's Director and by review of the Family Violence Policy and Record Retention Policy that the required records are maintained for at least 7 years. This obligation is documented in the Record Retention Policy (July 2019).	A	1
197	Clause 9	Clause 4.1.1	When a customer affected by family violence first contacts a licensee about a particular matter relating to the family violence, the licensee must inform the customer of the existence and operation of the licensee's complaints procedure under clause 46 of the Water Services Code of Conduct (Customer Service Standards) 2018.	4	The auditor confirmed with Muchea Water's Director and by review of the Family Violence Policy that the customer would be informed of the customer complaints procedure. The auditor confirmed with Muchea Water's Director that there had been no contacts from customers about family violence in the audit period. The Policy for residential water services customers, states that the licensee will inform the customer of assistance available, including the complaints procedure.	A	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
198	Clause 10	Clause 4.1.1	A licensee must ensure that its website contains a link that provides access to the current version of the code as it appears on the website that is maintained by or on behalf of the Western Australian Government and that provides public access to electronic versions of Western Australian legislation.	4	The auditor sighted the Family Violence Policy on the website and noted that it includes the link to the code of conduct on the Department of Communities website.	A	1

3.7 Audit Recommendations

Table of Current Audit Non- Compliances and Recommendations			
A. Resolved during current audit period			
Recommendation (no./year)	Non-Compliance/Controls Improvement (/Licence obligation ref. and obligation, Rating, Description of Non-compliance or inadequacy of control)	Date Resolved (& management action taken)	Auditor's Comments
	Nil		
B. Unresolved at end of current audit period			
Recommendation (no./year)	Non-Compliance/Controls Improvement (Licence obligation ref. and obligation, Rating, Description of Non-compliance or inadequacy of control)	Auditor's Recommendation	Action taken by the licensee by end of audit period
1/2025	<p>Review of Billing</p> <p><i>Obligation 115 - The review procedure in clause 22(1) must include the specified information and be available on the licensee's website and a hardcopy provided to a customer upon request at no charge.</i></p> <p><i>Obligation 116 - The review procedure must state that the customer may but is not required to, use the licensee's complaints procedure mentioned in clause 46 before or instead of applying to the water services ombudsman or, if available, making an appeal from, or applying for a review of, the decision under regulations mentioned in section 222(2)(k) of the Act.</i></p> <p>Rating: B3 (Controls: Generally adequate/ Compliance: Non-compliant – moderate impact on customers)</p> <p>The Review of Billing Procedure includes the specified information as per Clause 22(2) & (3) including referral to the ombudsman if not satisfied. However, the procedure does not include making an appeal to the State Administrative Tribunal, as per Clause 22(3)(b) below.</p> <p><i>Clause 22(3) - In relation to subclause (2)(c), the review procedure must state that the customer may, but is not required to, use the licensee's complaints procedure mentioned in clause 49 before or instead of:</i></p>	<p>The Review of Billing Procedure and the Customer Service Charter should be updated to include a statement that after you have given us the opportunity to resolve your complaint, if you are still not satisfied with the outcome, you may refer your complaint to the independent complaint resolution service.</p> <p>A customer may, but does not have to, use the licensee's complaints procedure before or instead of applying to the Water Services Ombudsman or making an appeal from, or applying for a review of, the decision that gave rise to the complaint, to the State Administrative Tribunal</p>	Nil

B. Unresolved at end of current audit period			
Recommendation (no./year)	Non-Compliance/Controls Improvement (Licence obligation ref. and obligation, Rating, Description of Non-compliance or inadequacy of control)	Auditor's Recommendation	Action taken by the licensee by end of audit period
	<p>(a) applying to the water services ombudsman under a scheme approved under section 65 in respect of the complaint; or</p> <p>(b) making an appeal from, or applying for a review of, the decision that gave rise to the customer's request for review, if an appeal or review is available under regulations mentioned in section 222(2)(k).</p> <p>Under Section 222(2)(k), the procedures should also provide for appeals from, or the review of, decisions under this Act, including by providing for applications to be made to the State Administrative Tribunal for the review of such decisions.</p>		
2/2025	<p>Review of Billing</p> <p><i>Obligation 152 – The licensee must make available to each customer, on request and at no charge, the customer's personal account information including information about bills previously issued to the customer and about the quantity of water supplied to, or wastewater discharged by, the customer in previous billing periods within 5 business days after the request is made.</i></p> <p>Rating: C1 (Controls: Inadequate controls – Significant improvement required/ Compliance: Compliant)</p> <p>During the audit period, there were 11 requests from customers for information about the quality of water supplied. The auditor sighted the details of the correspondence with the customer recorded in the Customer Complaint Register. All complaints were responded to within 5 business days and generally on the same day the request was made. This obligation is documented in the Customer Service Charter (Jan. 2025) available on the website and in hardcopy upon request and at no charge. Also, the Review of Billing Procedure on the website. However, the Charter and the Review of Billing Procedure state we will respond to your enquiry within 15 business days rather than 5 business days. (5 business days applied from July 2024 when the Code of Conduct was updated).</p>	The review of billing in the Customer Service Charter and the Review of Billing Procedure should state that a response will be provided within 5 business days.	Nil

B. Unresolved at end of current audit period			
Recommendation (no./year)	Non-Compliance/Controls Improvement (Licence obligation ref. and obligation, Rating, Description of Non-compliance or inadequacy of control)	Auditor's Recommendation	Action taken by the licensee by end of audit period
3/2025	<p>Preserved Supply Register</p> <p><i>Obligation 154AA - The licensee must ensure that the specified information about Part 9 may be obtained from its website. (from July 2024)</i></p> <p>Rating: C2 (Controls: Inadequate controls – Significant improvement required/ Compliance: Non-compliant – minor impact on customers)</p> <p><i>Obligation 154CC - The licensee must, within 5 business days after recording a person on the register, provide the specified information in writing to the person. The licensee must, within 5 business days after recording a person on the register, provide the specified information in writing to the person.</i></p> <p><i>Obligation 154C - The licensee must not, under section 95(1)(b) of the Act, reduce the rate of flow of a supply of water to a supply address recorded on the preserved supply register.</i></p> <p><i>Obligation 154D - Despite clause 46(3), in the case of a service interruption that will affect a supply address recorded on the preserved supply register, the notice required by clause 46(1) must be given in the specified manner.</i></p> <p>Rating: C/NR (Controls: Inadequate controls – Significant improvement required/ Compliance: Not rated)</p> <p>Part 9 of the Code of Conduct specifies the requirements for supply of water to persons with special requirements or needs.</p> <p>This obligation is stated in the Customer Contract (Residential) available on the website. The Muchea Water Director confirmed there have been no requests from customers re preserved supply.</p> <p>However, there is no information on the website about how to apply to be included on the Preserved Supply Register.</p> <p>The auditor sighted the Preserved Supply Register and confirmed that it included the prescribed information. There were no customers recorded for Muchea Water.</p> <p>However, there is no procedure re requests from customers to be included on the Preserved Supply Register. There is some information in the Customer Contract on the website about how to notify Muchea Water if kidney dialysis machines are used by a customer but this does not cover all aspects of “preserved supply” as per clause 54 of the Customer Service Standards 2024.</p>	<p>a) Information on how a customer can apply to be included on the Preserved Supply Register should be included on the website and have a link in the Account Establishment Form – Residential.</p> <p>a) There should be a documented procedure for a customer request to be included on the Preserved Supply Register including confirmation to the customer, review every 3 years and no flow reduction.</p>	Nil

B. Unresolved at end of current audit period			
Recommendation (no./year)	Non-Compliance/Controls Improvement (Licence obligation ref. and obligation, Rating, Description of Non-compliance or inadequacy of control)	Auditor's Recommendation	Action taken by the licensee by end of audit period
4/2025	<p>Website Link to Code of Conduct</p> <p><i>Obligation 154A - The licensee must ensure that its website contains a link to the current version of this code appearing on the WA legislation website.</i></p> <p>Rating: C2 (Controls: Inadequate controls – Significant improvement required/ Compliance: Non-compliant – minor impact on customers)</p> <p>The Muchea Water website has a link to the previous 2018 Code of Conduct on the home page. There is no link to the current version of the <i>Water Services Code of Conduct (Customer Service Standards) 2024</i> on the WA legislation site.</p>	The website link to the previous 2018 Code of Conduct needs to be updated to link the <i>Water Services Code of Conduct (Customer Service Standards) 2024</i> on the WA legislation site.	Nil
5/2025	<p>Compliance and Reporting Register</p> <p><i>Obligation 190C - The licensee must notify the ERA annually of any restrictions applied in accordance with the Water Services Regulations 2013 to a potable water supply, detailing restrictions by scheme, type (severity), duration, start date and number of services affected.</i></p> <p>Rating: C/NR (Controls: Inadequate controls – Significant improvement required/ Compliance: Not rated)</p> <p>The auditor confirmed with Muchea Water's Director that there have been no restrictions that required reporting to the ERA in the audit period.</p> <p>This obligation is not stated in the Compliance and Reporting Register as it has not been updated for the 2024 Code.</p>	The Compliance and Reporting Register should be updated for the changes in the <i>Water Services Code of Conduct (Customer Service Standards) 2024</i> since the previous 2018 version, including the Preserved Supply Register obligations, Performance Standards, etc.	Nil

4. Asset Management System Review

4.1 Description of Infrastructure

Aqua Ferre (Muchea) Pty Ltd ('Muchea Water') has a Water Services Licence, issued by the Economic Regulation Authority ('ERA') under the *Water Services Act 2012* ('Act'), for the provision of potable water supply in the operating area located in the Shire of Chittering.

Muchea Water has developed a potable water treatment scheme to supply two developments: the Wildflower Ridge Estate (a residential estate); and the Muchea Industrial Park (an industrial/commercial estate). The Wildflower Ridge Estate development is located 8 kilometres north east of the Muchea town site and 56 kilometres north of the Perth central business district and involves the creation of approximately 238 residential allotments in progressive stages. The Muchea Industrial Park development (located east of the Muchea town site) involves the creation of approximately 30 industrial/commercial lots in the first stage of development.

The Water Treatment Plan (WTP) was constructed onsite and commenced operation in May 2021. Water is extracted from an onsite bore and processed through separate filtration, pumping stations and pipelines to the residential estate and the industrial/commercial estate. There were 81 connected properties including 6 commercial properties at 30 June 2024.

This audit and review covers the period from 1 March 2022 to 28 February 2025.

The audit and review approach is based on the compliance obligations set out in the Licence, applicable legislation, regulatory guidelines (Water Compliance Reporting Manual (October 2021 and July 2024) and in accordance with the ERA's 2019 Audit and Review Guidelines: Water Licences (updated August 2022).

4.2 Objectives and Scope

The objective of the review was to assess the adequacy and effectiveness of the asset management system in place for the undertaking, maintenance and monitoring of the licensee's assets.

The scope of the review included an assessment of the adequacy and effectiveness of the asset management system by evaluating the key processes of:

- 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.

When assessing if a licensee has complied with its licence obligations, the auditor must apply a level of scrutiny that corresponds to a 'reasonable assurance engagement'. A reasonable assurance engagement is:

"An assurance engagement in which the assurance practitioner reduces engagement risk to an acceptably low level in the circumstances of the engagement as the basis for the assurance practitioner's conclusion. The assurance practitioner's conclusion is expressed in a form that conveys the assurance practitioner's opinion on the outcome of the measurement or evaluation of the underlying subject matter against criteria." (ASAE3000).

This was a reasonable assurance engagement. This includes the areas of special focus as noted below.

The ERA has received correspondence from residents at the Wildflower Ridge Estate, the Shire of Chittering and the office of Shane Love MLA (Member for Moore) expressing concerns about the water supply services provided by Muchea Water. The concerns are with:

- water quality
- water pressure
- billing, fees and charges
- metering.

Considering this correspondence and following an examination of the findings from Muchea Water's 2022 operational audit and asset management system review, the ERA has identified the review criteria below as areas of special focus.

Table 2: Asset management effectiveness criteria

Process	Asset management effectiveness criteria
Asset planning	1.2 Planning processes and objectives reflect the needs of all stakeholders and are integrated with business planning. 1.3 Service levels are defined in the asset management plan.
Asset creation and acquisition	2.3 Projects reflect sound engineering and business decisions
Asset operations	5.1 Operational policies and procedures are documented and linked to service levels required. 5.3 Assets are documented in an Asset Register including asset type, location, material, plans of components, and an assessment of assets' physical/structural condition. 5.5 Operational costs are measured and monitored.
Asset maintenance	6.1 Maintenance policies and procedures are documented and linked to service levels required. 6.2 Regular inspections are undertaken of asset performance and condition 6.3 Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule.
Risk management	8.1 Risk management policies and procedures exist and are applied to minimise internal and external risks

The highest priority asset components based on inherent risk and areas of special focus were:

- Asset planning
- Asset creation and acquisition
- Environmental analysis
- Asset operations
- Asset maintenance
- Risk management.

4.3 Asset Management Process and Performance Rating Scales

The adequacy of process policy and definition and the performance of the key processes were assessed using the scales described in the tables below. The overall effectiveness rating for each asset management process is based on a combination of the process and policy adequacy rating and the performance rating.

Asset Management Process and Policy Definition - Adequacy ratings

RATING	DESCRIPTION	CRITERIA
A	Adequately defined	<ul style="list-style-type: none"> Processes and policies are documented. Processes and policies adequately document the required performance of the assets. Processes and policies are subject to regular reviews and updated where necessary. The asset management information system(s) are adequate in relation to the assets that are being managed.
B	Requires some improvement	<ul style="list-style-type: none"> Process and policy documentation require improvement. Processes and policies do not adequately document the required performance of the assets. Reviews of processes and policies are not conducted regularly enough. The asset management information system(s) requires minor improvements (taking into consideration the assets being managed).
C	Requires substantial improvement	<ul style="list-style-type: none"> Process and policies are incomplete or require substantial improvement. Processes and policies do not document the required performance of the assets. Processes and policies are considerably out of date. The asset management information system(s) requires substantial improvement (taking into consideration the assets being managed).
D	Inadequate	<ul style="list-style-type: none"> Processes and policies are not documented. The asset management information system(s) is not fit for purpose (taking into consideration the assets being managed).

Asset Management Performance Ratings

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

4.4 Summary of Asset Management System Performance Ratings

The review's assessment of the asset management system process and policy definitions and their effectiveness, based on the ratings scale in Section 4.3, is shown in the table below.

Section 4.5 provides further details of the current rating results for each process in the asset management system.

Process and Policy Definition – Adequacy Rating	Performance Rating for Effectiveness Criteria					
	Rating	1 Performing effectively	2 Improvement required	3 Corrective action required	4 Substantial action required	Total
	A -Adequately defined	49	2	1	-	52
	B – Requires some improvement	6	-	-	-	6
	C – Requires substantial improvement	-	-	-	-	-
	D – Inadequate	-	-	-	-	-
	Total	55	2	1	-	58

Asset Management System Performance Ratings

ASSET MAN/AGEMENT SYSTEM COMPONENT & EFFECTIVENESS CRITERIA	Review Priority	Process and Policy rating				Performance rating				
	(Rated 1 = High to 5 = Low)	Adequately defined	Requires some improvement	Requires substantial improvement	Inadequate	Performing effectively	Improvement required	Corrective action required	Substantial action required	Not Rated
		A	B	C	D	1	2	3	4	NR
1. Asset planning			B			1				
1.1 Asset management plan covers the processes in this table.	2	✓				✓				
1.2 Planning process and objectives reflect the needs of all stakeholders and are integrated with business planning.	2		✓			✓				
1.3 Service levels are defined in the asset management plan.	2		✓			✓				
1.4 Non-asset options (e.g. demand management) are considered.	2	✓				✓				
1.5 Lifecycle costs of owning and operating assets are assessed.	2	✓				✓				

ASSET MAN/AGEMENT SYSTEM COMPONENT & EFFECTIVENESS CRITERIA	Review Priority	Process and Policy rating				Performance rating				
	(Rated 1 = High to 5 = Low)	Adequately defined	Requires some improvement	Requires substantial improvement	Inadequate	Performing effectively	Improvement required	Corrective action required	Substantial action required	Not Rated
		A	B	C	D	1	2	3	4	NR
1.6 Funding options are evaluated.	2	✓				✓				
1.7 Costs are justified and cost drivers identified.	2	✓				✓				
1.8 Likelihood and consequences of asset failure are predicted.	2	✓				✓				
1.9 Asset management plan are regularly reviewed and updated.	2	✓				✓				
2. Asset creation/ acquisition		A				1				
2.1 Full project evaluations are undertaken for new assets, including comparative assessment of non-asset solutions.	4		✓			✓				
2.2 Evaluations include all life-cycle costs.	4	✓				✓				
2.3 Projects reflect sound engineering and business decisions.	2	✓				✓				
2.4 Commissioning tests are documented and completed.	4	✓				✓				
2.5 Ongoing legal/environmental/safety obligations of the asset owner are assigned and understood.	4	✓				✓				
3. Asset disposal		A				1				
3.1 Under-utilised and under-performing assets are identified as part of a regular systematic review process.	4	✓				✓				
3.2 The reasons for under-utilisation or poor performance are critically examined and corrective action or disposal undertaken.	4	✓				✓				
3.3 Disposal alternatives are evaluated.	4	✓				✓				
3.4 There is a replacement strategy for assets.	4	✓				✓				
4. Environmental analysis		A					2			
4.1 Opportunities and threats in the asset management system environment are assessed.	2	✓				✓				
4.2 Performance standards (availability of service, capacity, continuity, emergency response, etc) are measured and achieved.	2	✓					✓			
4.3 Compliance with statutory and regulatory requirements.	2	✓				✓				

ASSET MAN/AGEMENT SYSTEM COMPONENT & EFFECTIVENESS CRITERIA	Review Priority	Process and Policy rating				Performance rating				
	(Rated 1 = High to 5 = Low)	Adequately defined	Requires some improvement	Requires substantial improvement	Inadequate	Performing effectively	Improvement required	Corrective action required	Substantial action required	Not Rated
		A	B	C	D	1	2	3	4	NR
4.4 Achievement of service standards (customer service levels, etc) are measured and achieved.	2	✓					✓			
5. Asset operations			B				2			
5.1 Operational policies and procedures are documented and linked to service levels required.	2	✓						✓		
5.2 Risk management is applied to prioritise operations tasks.	3	✓				✓				
5.3 Assets are documented in an Asset Register including asset type, location, material, plans of components, and an assessment of assets' physical/structural condition.	2		✓			✓				
5.4 Accounting data is documented for assets.	3		✓			✓				
5.5 Operational costs are measured and monitored.	2	✓				✓				
5.6 Staff resources are adequate and staff receive training commensurate with their responsibilities.	3		✓			✓				
6. Asset maintenance		A				1				
6.1 Maintenance policies and procedures are documented and linked to service levels required.	2	✓				✓				
6.2 Regular inspections are undertaken of asset performance and condition.	2	✓				✓				
6.3 Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule.	2	✓				✓				
6.4 Failures are analysed and operational/maintenance plans adjusted where necessary.	3	✓				✓				
6.5 Risk management is applied to prioritise maintenance tasks.	3	✓				✓				
6.6 Maintenance costs are measured and monitored.	3	✓				✓				
7. Asset Management Information System		A				1				
7.1 Adequate system documentation for users and IT operators.	4	✓				✓				

ASSET MAN/AGEMENT SYSTEM COMPONENT & EFFECTIVENESS CRITERIA	Review Priority	Process and Policy rating				Performance rating				
	(Rated 1 = High to 5 = Low)	Adequately defined	Requires some improvement	Requires substantial improvement	Inadequate	Performing effectively	Improvement required	Corrective action required	Substantial action required	Not Rated
		A	B	C	D	1	2	3	4	NR
7.2 Input controls include suitable verification and validation of data entered into the system.	4	✓				✓				
7.3 Security access controls appear adequate, such as passwords.	4	✓				✓				
7.4 Physical security access controls appear adequate.	4	✓				✓				
7.5 Data backup procedures appear adequate and backups are tested.	4	✓				✓				
7.6 Computations for licensee performance reporting are accurate.	4	✓				✓				
7.7 Management reports appear adequate for the licensee to monitor licence obligations.	4	✓				✓				
7.8 Adequate measures to protect asset management data from unauthorised access or theft by persons outside the organisation.	4	✓				✓				
8. Risk management		A				1				
8.1 Risk management policies and procedures exist and are being applied to minimise internal and external risks.	2	✓				✓				
8.2 Risks are documented in a risk register and treatment plans are implemented and monitored.	4	✓				✓				
8.3 Probability and consequences of asset failure are regularly assessed.	4	✓				✓				
9. Contingency planning		A				1				
9.1 Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks.	4	✓				✓				
10. Financial planning		A				1				
10.1 The financial plan states the financial objectives and identifies strategies and actions to achieve those.	4	✓				✓				
10.2 The financial plan identifies the source of funds for capital expenditure and recurrent costs.	4	✓				✓				
10.3 The financial plan provides projections of operating statements (profit and loss) and statement of financial position (balance sheets).	4	✓				✓				

ASSET MAN/AGEMENT SYSTEM COMPONENT & EFFECTIVENESS CRITERIA	Review Priority	Process and Policy rating				Performance rating				
	(Rated 1 = High to 5 = Low)	Adequately defined	Requires some improvement	Requires substantial improvement	Inadequate	Performing effectively	Improvement required	Corrective action required	Substantial action required	Not Rated
		A	B	C	D	1	2	3	4	NR
10.4 The financial plan provides firm predictions on income for the next five years and reasonable indicative predictions beyond this period.	4	✓				✓				
10.5 The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services.	4	✓				✓				
10.6 Large variances in actual/budget income and expenses are identified and corrective action taken where necessary.	4	✓				✓				
11. Capital expenditure planning		A				1				
11.1 There is a capital expenditure plan covering works to be undertaken, actions proposed, responsibilities and dates.	4	✓				✓				
11.2 The capital expenditure plan provides reasons for capital expenditure and timing of expenditure.	4	✓				✓				
11.3 The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan.	4	✓				✓				
11.4 There is an adequate process to ensure that the capital expenditure plan is regularly updated and implemented.	4	✓				✓				
12. Review of asset management system		A				1				
12.1 A review process is in place to ensure that the asset management plan and the asset management system described in it remain current.	4	✓				✓				
12.2 Independent reviews (e.g. internal audit) are performed of the asset management system.	4	✓				✓				

4.5 Status of Previous Review Recommendations

The previous review covered the period from 25 February 2020 to 28 February 2022 and was reported in June 2022. Recommendations from the previous review are listed in the following table together with the current status of action to address the recommendations.

Reference (no./year)	Previously Assessed Process and Policy Deficiency (Asset management Process, Rating, Details)	Previous Auditor's Recommendation and <i>Action Taken</i>	Date Resolved	Further action required
A. Resolved before end of previous review				
	Nil			
B. Resolved during current review period				
1/2022	<p>Asset Operations</p> <p><i>Operational policies and procedures are documented and linked to service levels required.</i></p> <p><i>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> <p><i>Operational costs are measured and monitored.</i></p> <p>Ratings: C2 (Process: Requires significant improvement/ Performance: Opportunity for Improvement)</p> <p>An Operations and Maintenance Manual (draft Revision B1 dated March 2022) was provided for the Water Treatment Plant (WTP). This includes description of intended operation and instructions for routine operator tasks and special procedures (e.g. filter backwash). Occupational Health and Safety Risks, Hazards and Actions are also provided for the operations and maintenance tasks. Tables of scheduled Operations and Maintenance (O&M) tasks with assigned frequency are provided. A record keeping system is required to provide evidence that the O&M activities are being completed as scheduled.</p> <p>The asset register is in the form of an Excel spreadsheet. Condition information and accounting data/replacement value is not included in the current asset register. As the assets are</p>	<p>a) While the operations practices discussed and observed are providing reasonable assurance of providing required service levels, the documentation of these practices and procedures requires improvement. The frequency of O&M tasks in the draft O&M manual need to be finalised and a method of recording the activities put in place. Procedures to act on the observations made from the Fortnightly Operations Report need to be documented. Response protocols to observing a water quality issue, such as low chlorine need to be documented and the response actions recorded to demonstrate the issues are addressed.</p> <p><u><i>Status: Completed</i></u></p> <p><i>The Fortnightly Operations Report has been enhanced and now records performance of daily, weekly and fortnightly activities. The frequency of O&M tasks has been reviewed and finalised, and a method of formally recording maintenance activities has been established.</i></p> <p><i>Response protocols for water quality issues are established, for example in Muchea Water's MOU with the Department of Health (DOH). Muchea Water meets with DOH on a quarterly basis to review water quality practices and results.</i></p> <p><i>Confirmed in this Review.</i></p>	December 2022	Nil

Reference (no./year)	Previously Assessed Process and Policy Deficiency (Asset management Process, Rating, Details)	Previous Auditor's Recommendation and <i>Action Taken</i>	Date Resolved	Further action required
	<p>still in their first year of operation, the condition assessment program has not commenced.</p> <p>An annual operating budget is prepared identifying monthly expenditure. There is evidence of comparison of the annual budget to the previous year's actuals. A brief description of the process to prepare the operations budget, measure and monitor the actuals should be incorporated into section 6 of the AMP (Asset Operations).</p>	<p>b) The asset register needs to be updated to include information on assets' condition assessment in future years.</p> <p><u>Status: Completed</u></p> <p><i>The asset register and reporting have been updated to include information on assets' condition assessment using data recorded in the Fortnightly Operations Report.</i></p> <p><i>Confirmed in this Review.</i></p> <p>c) While an annual Operations and Maintenance budget is prepared, the AMP should be updated to include a description of the process used to prepare the operations budget and how actual expenditure is measured and monitored.</p> <p><u>Status: Completed</u></p> <p><i>The AMP has been updated to include a description of the process used to prepare the operations budget and how actual expenditure is measured and monitored, as recommended.</i></p> <p><i>Confirmed in this Review.</i></p>	<p>June 2023</p> <p>September 2022</p>	<p>Nil</p> <p>Nil</p>
2/2022	<p>Asset Maintenance</p> <p><i>Maintenance policies and procedures are documented and linked to service levels required.</i></p> <p><i>Regular inspections are undertaken of asset performance and condition.</i></p> <p><i>Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule.</i></p> <p>Ratings: C2 (Process: Requires significant improvement/ Performance: Opportunity for Improvement)</p>	<p>a) A maintenance plan for the WTP assets needs to be finalised and a procedure documented to describe how the annual plan is assembled, including clarifying how inputs such as condition assessment, failures and fortnightly observations are incorporated.</p> <p><u>Status: Completed</u></p> <p><i>The plan has been finalised in parallel with the completion of the optimisation activities and incorporates a description of how the annual plan is assembled,</i></p>	December 2022	Nil

Reference (no./year)	Previously Assessed Process and Policy Deficiency (Asset management Process, Rating, Details)	Previous Auditor's Recommendation and Action Taken	Date Resolved	Further action required
	<p>Maintenance activities and frequency for the Water Treatment Plant are described in the Operations and Maintenance Manual (Revision B1 dated March 2022). The fortnightly operations report also provides input on observations requiring ad-hoc maintenance.</p> <p>It appears that the maintenance schedule in Section 6 is still in development. Some assets are not yet addressed in the maintenance schedule and the table of site checks refer to facilities that are not present at this site (e.g. Polymer Dosing, Lime System and DAF). Procedures are yet to be developed that describe how the annual maintenance plan is assembled.</p> <p>The fortnightly operations report provides a basic checklist for observations about performance and condition. Procedures are yet to be developed that describe how these observations are acted on and feed into the maintenance planning activity. A plan for more detailed assessment of condition is also needed to deliver condition assessment against the detailed breakdown in the asset register and how this information will be used to inform maintenance planning and budgets. This will also need to extend to include the assets outside of the WTP site.</p> <p>Maintenance plans are documented for the WTP in the O&M manual. However, documentation to demonstrate completion does not yet exist. As discussed during the site visit, while the WTP is still going through an optimisation phase the plant is being well attended and more routine maintenance plans can be developed once the current phase is completed.</p>	<p><i>including clarifying how inputs such as condition assessment, failures and fortnightly observations are addressed, as recommended.</i></p> <p><i>Confirmed in this Review.</i></p> <p>b) Once the maintenance plan is in place, a recording system needs to be established to verify the completion of planned and unplanned maintenance.</p> <p><u><i>Status: Completed</i></u></p> <p><i>A recording system has been established as part of the finalised maintenance plan, as recommended. The Fortnightly Operations Report was also enhanced and now records performance of daily, weekly and fortnightly activities.</i></p> <p><i>Confirmed in this Review.</i></p>	December 2022	Nil

4.6 Detailed Review Observations

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating ⁸	Performance Rating ⁹
1		ASSET PLANNING		B	1
1.1	2	Asset management plan covers the processes in this table	<p>The reviewer was provided with the Aqua Ferre (Muchea) Pty Ltd Asset Management Plan (AMP) – Version 5.1 revised July 2024.</p> <p>The AMP is at an appropriate level for the water assets managed by Muchea Water. It addresses the components of Asset Planning, Asset Creation, Asset Disposal, Asset Operations, Asset Maintenance, Asset Management Information System, Risk Management, Contingency Planning, Financial & Capital Planning and Asset Management System review.</p>	A	1
1.2	2	Planning processes and objectives reflect the needs of all stakeholders and are integrated with business planning	The AMP in section 3.4 identifies the primary Muchea Water stakeholders as its water service customers, ERA, Department of Water and Environmental Regulation (DWER) and Department of Health (DOH). The land developers (Riverside and Harvis), Muchea Water (the system operator), employees, construction, operation and administration, and insurers are also included as stakeholders. The statement of strategic and corporate goals sets objectives to meet stakeholder requirements and business success. However, the AMP does not include a description of the roles and responsibilities of staff and contractors.	B	1
1.3	2	Service levels are defined in the asset management plan	<p>Service levels are defined in the plan in section 4.4 including:</p> <ul style="list-style-type: none"> • Availability of service (pressure and flow ranges) • Service interruption notification and response targets for planned and unplanned events • System failure or complaint response time targets. <p>A separate MOU exists with DOH committing to compliance with the Australian Drinking Water Guidelines Framework Approach.</p>	B	1
1.4	2	Non-asset options (e.g. demand management) are considered	At this early stage of development of the scheme (only a small number of customers currently being supplied), the focus is on ensuring the operation of the Water Treatment Plant (WTP) is delivering customer demand and water quality requirements, as demand gradually grows. Non-asset options are not relevant at this stage but may be relevant to	A	1

⁸ Process and Policy Rating – A=Adequately defined, B=Requires some improvement, C=Requires substantial improvement, D=Inadequate.

⁹ Performance Rating – 1=Performing effectively, 2=Improvement required, 3=Serious action required, 4=Substantial action required.

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating ⁸	Performance Rating ⁹
			consider when demand growth triggers further investment to expand production and treatment. It is also noted that digital customer meters have been installed which allow remote download of customer consumption data and the ability to interrogate consumption data. This provides the means to work with customers in the future on demand management and leak reduction programs. The Plan in section 3.5 and 3.6 also includes a staged upgrade of the WTP and reticulation system over 10 years from 2021.		
1.5	2	Lifecycle costs of owning and operating assets are assessed	Muchea Water has a Water Services Model (updated January 2025) that includes the operating income and cost estimates for the next 10 years. Operating and Maintenance (O&M) costs have been provided for in the cashflow forecast based on advice from the plant designer. The AMP in section 4.5 includes the staged asset renewal plan over the useful life of the individual assets.	A	1
1.6	2	Funding options are evaluated	Muchea Water have dealt with the financial challenge of the high up-front cost of establishing the infrastructure and the substantial lag in generating revenue from water sales. The AMP section 13.2 (Pricing) indicates Land Developer funding has been secured for construction of the treatment plant and funding of the water reticulation networks within the development areas. An upfront contribution has also been obtained from Harvis for the connecting pipeline from the WTP to the Harvis development area. Customer charges consist of a yearly service charge, a water use charge, a water service connection charge and a water infrastructure charge or headworks charge. Customers' water use charges are set based on a minimum consumption of 425kL per annum within the Riverside development and 500kL per annum at the Harvis development. Section 13.2 also describes an intention for customer charges to move in line with the Water Corporation's published charges in the future. However, Muchea Water may look to adjust prices to the extent reasonably required if the financial forecasts indicate that costs or revenue will vary materially from the initial forecast. Table 16 from the AMP also shows consideration of seeking additional funding for new assets via State and Federal Grants and establishing loans.	A	1
1.7	2	Costs are justified and cost drivers identified	The understanding of costs is demonstrated in both the Financial Model (10 years forecast provided) and the Financial Year monthly budget. The budget shows a comparison of the current year total revenue and operating expenses to the previous year actuals.	A	1

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			Variances against budget are reported monthly and brief documentation is prepared to analyse variances and review forward budgets.		
1.8	2	Likelihood and consequences of asset failure are predicted	<p>The risk assessment measures described in the AMP (Section 10) relate to various asset failure risks including breakdown of plant, damage to plant, environmental hazards, public health and operation health and safety.</p> <p>An operational risk assessment for the treatment plant and an overall risk assessment covering the water supply from source to customer tap were provided for review. The operational risk assessment focuses on asset failure risk (with consequence, likelihood and mitigation assessment) while the overall risk assessment more broadly includes events such as natural disasters, malicious acts and operator error. Both risk assessments demonstrate a thorough assessment of the risks, available mitigations and required improvement to mitigations to reduce risks where required. These documents have been prepared since the previous review and demonstrate a good level of improvement.</p>	A	1
1.9	2	Asset management plan is regularly reviewed and updated	The AMP includes a revision history table at section 16. The most recent review was July 2024 resulting in AMP Version 5.1. The AMP includes revisions since the previous Asset Management System Review in June 2022.	A	1
2		ASSET CREATION/ ACQUISITION		A	1
2.1	4	Full project evaluations are undertaken for new assets, including comparative assessment of non-asset solutions.	<p>Additional reticulation pipelines have been constructed by the Developers at both the residential estate (Wildflower Ridge) and the industrial estate (MIP). Pipelines are constructed to a design specification. There have been no material new asset creations at the WTP over the review period.</p> <p>Section 5 of the AMP discusses Asset Creation and Acquisition. It refers to policies and procedures being in place to ensure an economic and efficient asset acquisition framework and to ensure projects are evaluated to ensure the most appropriate solution is chosen. However, there are no documented principles or process for project evaluation and acquisition in the AMP. Documented policies and procedures were not sighted.</p> <p>Given the major infrastructure for Muchea Water is complete, new Asset Creation is unlikely to be a focus of Muchea Water, apart from a treatment upgrade planned in approximately six years per AMP section 3.6 (July 2024).</p>	B	1

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating ⁸	Performance Rating ⁹
2.2	4	Evaluations include all life-cycle costs.	The Financial Model provided demonstrates life-cycle costs have been considered in some detail for the existing infrastructure – incorporating upfront capital, staged upgrade, operations, maintenance and renewals expenditure.	A	1
2.3	2	Projects reflect sound engineering and business decisions.	Minor projects completed in the review period include some pipework changes to allow in place cleaning of the UV lamps and addition of a standby power generator. The changes to improve cleaning of the UV lamps were discussed at the time of the site visit during the previous review. This change was made to minimise the need to manually remove the lamps for cleaning, which risks breakage. Addition of the standby generator addresses the risk of loss of pressure to customers, which relies on continually being able to pump water from the treated water tanks. Both projects reflecting sound engineering and business decisions.	A	1
2.4	4	Commissioning tests are documented and completed.	There has been little opportunity to demonstrate commissioning since the treatment plant was initially completed. There have been no material new asset creations at the WTP over the review period. The standby gen. set is regularly started to ensure it will function when required (in the event of power failure). Reticulation mains in the Wildflower Ridge subdivision area are constructed by the developer, with the completed asset handed over to Muchea Water to manage. Review of a specification for the mains construction shows the inclusion of pressure testing and disinfection requirements to Water Corporation standards before completion.	A	1
2.5	4	Ongoing legal/environmental/safety obligations of the asset owner are assigned and understood.	Section 3 of the AMP lists regulatory requirements relating to the ERA, DoH and DWER (water and environment). The risk assessment measures described in the AMP section 10 relate to various asset failure risks including breakdown of plant, damage to plant, environmental hazards, public health and operation health and safety. The detailed Risk Assessment (reviewed June 2024) includes the detailed legal, environment and safety obligations with the risk assessment, mitigation measures and responsibilities.	A	1

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating ⁸	Performance Rating ⁹
3		ASSET DISPOSAL		A	1
3.1	4	Under-utilised and under-performing assets are identified as part of a regular systematic review process.	The AMP section 8 (Asset Disposal) provides an outline of Muchea Water's approach to asset disposal. With the assets in their fourth year of operation, there have been no asset disposals to date.	A	1
3.2	4	The reasons for under-utilisation or poor performance are critically examined and corrective action or disposal undertaken.	This activity is briefly acknowledged in the AMP section 8 but there has been no opportunity to demonstrate this so far.	A	1
3.3	4	Disposal alternatives are evaluated.	Some disposal alternatives are briefly noted in the AMP section 8 (transfer to another project, keep on stock, sold and recycled where possible).	A	1
3.4	4	There is a replacement strategy for assets.	Section 4.5 of the AMP (Asset Renewal planning) sets anticipated asset lives, describes the planned frequency of condition assessments to determine maintenance or renewal/replacement requirements and Table 8 sets out a general approach to replacement strategy for various assets (run to fail, replace on performance drop off or condition assessment). The asset register includes the planned replacement date, latest inspection date, condition assessment and criticality. The condition assessments are being performed at least annually during inspections and will identify in a timely manner any asset replacements that are required.	A	1

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating ⁸	Performance Rating ⁹
4		ENVIRONMENTAL ANALYSIS		A	2
4.1	2	Opportunities and threats in the system environment are assessed.	The AMP adequately sets out the overall system environment. The opportunities and threats are documented in the Risk Assessment and Mitigation Measures document. The risks include detailed risk assessments for categories of risk being ground water system, treatment plant, storage, reticulation and consumers.	A	1
4.2	2	Performance standards (availability of service, capacity, continuity, emergency response, etc.) are measured and achieved.	Service levels are documented in the AMP section 4.4, including availability of service, service interruptions and system failure or complaint. These are reviewed on a regular basis. Over the review period of 3 years, there have been 3 water main breaks in 2022/23, 1 water main break in 2023/24 and 1 water main break in 2024/25 to March 2025. Muchea Water do at least weekly inspections and have remote monitoring of critical components. There are also contract plumbers and electricians available on call near the plant.	A	2
4.3	2	Compliance with statutory and regulatory requirements.	Section 3 of the AMP lists regulatory requirements relating to the ERA, DoH and DWER (water and environment). The risk assessment measures described in the AMP (Section 10) relate to various asset failure risks including breakdown of plant, damage to plant, environmental hazards, public health and operation health and safety. The performance audit in this report has confirmed compliance with statutory and regulatory requirements.	A	1
4.4	2	Achievement of service standards (customer service levels, etc) is measured and achieved.	Service levels are documented in the AMP section 4.4, including availability of service, service interruptions and system failure or complaint. These are recorded and reviewed on a regular basis. Over the review period of 3 years, there have been 3 water main breaks in 2022/23, 1 water main break in 2023/24 and 1 water main break in 2024/25 to March 2025. Muchea Water do at least weekly inspections and have remote monitoring of critical components. There are also contract plumbers and electricians available on call near the plant. There have been complaints from customers about the water quality and water pressure that indicate that some performance standards are not being achieved. These complaints and action taken to resolve them are discussed in detail in Asset Operations - Section 5.1 below.	A	2

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating ⁸	Performance Rating ⁹
5		ASSET OPERATIONS		B	2
5.1	2	Operational policies and procedures are documented and linked to service levels required.	<p>An updated Water Treatment Plant Operations and Maintenance Manual (Rev D dated 7 January 2025) was provided for review. This documents the operation of the water treatment plant to assist the Muchea Water Operations and Maintenance (O&M) team. It includes details on how the plant should be safely operated, a high level schedule of the preventative maintenance tasks required and details on the plant alarms and monitoring (parameters monitored and sampling points). The expected range of raw and treated water quality parameters is also provided.</p> <p>As recommended in the previous review in 2022, the Fortnightly Operations Report has been enhanced and now records performance of daily, weekly and fortnightly activities. The frequency of O&M tasks has been reviewed and finalised, and a method of formally recording maintenance activities has been added. A sample fortnightly report for the period from 6 February to 19 February 2025 was provided. The report records various performance metrics, operating and maintenance tasks undertaken, water sampling, inspections and inventory recording. In regard to treated water quality, the report recorded treated water within the Wildflower Ridge Estate within the expected range for iron (at 0.1 mg/L) and for chlorine (at 0.54mg/L).</p> <p>Annual water quality reports for 2022/23 and 2023/24 and quarterly water quality reports for the second half of 2024 were reviewed. The annual reports identified 4 water quality complaints were received from customers in 2022/23 and 1 water quality complaint was received in 2023/24. Most of the complaints were about water colour and staining issues which relate to the level of iron occurring in the treated water. Complaints were also received about high chlorine levels and one complaint was about cloudy water (which was diagnosed as resulting from a water softener the customer had installed).</p> <p>The Australian Drinking Water Guidelines have not set a health based guideline for iron levels in treated water. The Guidelines set an aesthetic guideline of no more than 0.3 mg/L for iron, which seeks to avoid customer taste, water colour and staining issues. The treatment process has struggled to consistently deliver iron levels below the aesthetic water quality guideline. Muchea Water have discussed with affected customers that the iron levels meet health requirements but acknowledge more work is required to reduce the iron levels to minimise the water staining issues. This was also observed in the previous Asset Management System review and at that time, efforts were being made to stabilise the treatment process which had only recently commenced operation. Continued work on adjustment to the treatment process has generally improved (reduced) the iron levels. However, Muchea Water are now working on a process improvement that is planned to be introduced during 2025, involving capital expenditure. The 2022/23 report</p>	A	3

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating ⁸	Performance Rating ⁹
			<p>indicates 27% of the water samples exceeded the aesthetic guideline value, with the 2023/24 report indicating 17% of the water samples exceeded the aesthetic guideline value (showing some improvement).</p> <p>The high chlorine complaints from customers could be expected with the sampled chlorine levels exceeding the aesthetic guideline value of 0.6mg/L. 62% of the samples taken in 2022/23 exceeded this value, but this reduced to 30% of the samples taken in 2023/24. Muchea Water has set a target for chlorine in the reticulation system of 0.4 to 0.6 mg/L which at times results in the aesthetic chlorine level exceeding the target in order to ensure the water disinfection barrier is maintained for drinking water safety. As further stages of the residential development occur and a more predictable water consumption profile is established, the chlorine dosing would be expected to result in less exceedance of the aesthetic limit.</p> <p>The 2023/24 annual report also reports a Notifiable Event occurred in Jan 2024, requiring reporting to the Department of Health in line with the MOU. The event was the detection of E.coli in a regular water sampling activity, which was responded to by flushing, checking chlorine levels and resampling to confirm the issue was resolved. Muchea Water meets with DOH on a quarterly basis to review water quality practices and results.</p> <p>During the audit period, 7 customer complaints regarding reduced water pressure were also received by Muchea Water. In 2 of the early cases (March 2023) it appears that issues with the Muchea Water delivery pump may have caused the issue. In both cases, the site was attended on the day the complaint was raised and the issues with pump operation resolved. 2 further complaints by the same customer complaining of water surging/hammering were investigated in conjunction with the builder's plumber. 3 complaints of low water pressure were received on the 29th and 31st October 2023. It appears that a contractor undertaking works for the estate developer may have impacted pressure with valve closure(s) which were rectified. Muchea Water also sent a plumber to site to test the pressure and check for leaks.</p> <p>The water services licence requires Muchea Water to supply customers with a pressure between 15m and 100m. These pressures are expected to be delivered to the water service connection point (i.e. at the water meter). The pressure for the Wildflower Ridge development is supplied by pumping from the treated water storage at the Muchea Water treatment site. It delivers a pressure of 30 to 35m. The pressure each customer receives at their water service offtake depends on the ground level and on the pressure losses that occur in the water reticulation network, which vary depending on water demands and flows in the pipes. Recent measurement of pressure (by Muchea Water) at taps within some houses at Wildflower Ridge indicated pressure ranging between 30m and 54m</p>		

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			<p>(substantially better than the 15m requirement at the water meter). Mucnea Water also advised each time a new water service connection is made a pressure test is performed to ensure the minimum pressure requirement is supplied.</p> <p>What pressure the customers receive within their properties is affected by the following issues that the water supplier has no control over - the pipe size and length the builder has used to connect the house to the water meter, the size and length of any subsequent plumbing and irrigation work carried out, the level where the tap is located (in a double storey home pressure on the upper floor would be lower) and whether the builder has incorporated any pressure reducing valves (which some builders may now be using based on previous problems with leaks and bursts from polybutylene pipes – Mucnea Water advised use of PRVs by builders is occurring on some of the homes constructed at Wildflower Ridge). As the lots at Wildflower Ridge Estate are large, the plumbing and irrigation lines will need to consider the lengths involved as these are much longer than encountered for typical urban properties. Not adjusting the size of these lines for the increased distances will impact the resulting pressure. Mucnea Water has provided information similar to this on their website to assist customers.</p> <p>Receiving the minimum licence requirement for 15m pressure may not be enough pressure for some customers. Noting the pressures supplied at Wildflower Ridge appear to be higher, 15m is a low pressure that may result in customer complaints regardless of it meeting licence conditions.</p> <p>Mucnea Water's asset and operating decisions have been reasonable in addressing the water quality and water pressure delivery to the Wildflower Ridge customers. However, there is a need to improve the treatment outcomes for iron so it meets the aesthetic guideline more frequently. Although the iron levels are safe for drinking, water utility customers do not expect issues with coloured water and staining of appliances and clothes washing. During the site visit, Mucnea Water described the works they have planned to improve the treatment performance, with the works planned during 2025.</p> <p>Recommendation 5/2025</p> <p><i>Despite the treatment process optimisation work and the general improvement in iron levels, it is recommended that, as planned in 2025, Mucnea Water make treatment improvements to produce a sustained improvement in the level of iron occurring in the treated water, with the aim of achieving improved aesthetic water levels for customers more consistently than currently provided. These improvements include reticulation upgrades and an additional water storage tank.</i></p>		

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating ⁸	Performance Rating ⁹
5.2	3	Risk management is applied to prioritise operations tasks.	<p>Assigned tasks are described for every visit, weekly, fortnightly or monthly. The “every visit” tasks are the priority activities to ensure water quality meets requirements (e.g. chlorine levels are as per requirements and sand filters are backwashed if filter head loss is high).</p> <p>An Operational Risk Assessment has been prepared since the previous Asset Management System review. This is an excellent document of the operational risks of supplying water. The assessment considers the failure risks for components of the water treatment plant and includes the delivery pumps and Wildflower Ridge pipe failures. For each component failure, the existing mitigation measures are listed and the potential for interruption to water production and interruption to water supply is assessed. Together with time taken to return to service, the criticality is identified and new mitigations proposed for critical items.</p>	A	1
5.3	2	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.	<p>The asset register is in the form of an Excel spreadsheet. As recommended in the previous audit, the asset register has been updated to include the detailed individual assets, planned replacement date, latest inspection date, condition assessment and criticality. The condition assessments are being performed at least annually during inspections and will identify in a timely manner any asset replacements that are required.</p> <p>The accounting data is being maintained in the financial system and reported in the Financial Statements. However, the individual asset costs are not included in the Asset Register and reconciled with the Financial Statements. The asset cost may be grouped in the Asset Register such as for fixed term contracts. Other assets purchased or replaced should have the cost shown in the Asset Register so that the total cost can be reconciled with the Financial Statement.</p>	B	1
5.4	3	Accounting data is documented for assets.	<p>The reviewer sighted the annual Financial Reports for 2022/23 and 2023/24 prepared by external accountants. This confirms that accounting data is documented in the financial system.</p> <p>The asset register does not include the cost of individual assets used for the construction of the WTP and pipelines, as all assets were acquired in August 2020 as part of a fixed price contract with an external party, so the cost of individual WTP components is not available. A summary of the capital costs is included in the Financial Statements for 2022/23 and 2023/24. However, the individual asset costs are not included in the Asset Register and reconciled with the Financial Statements. The asset cost may be grouped in the Asset Register such as for fixed term contracts. Other assets purchased or replaced should have the cost shown in the Asset Register so that the total cost can be reconciled with the Financial Statement.</p>	B	1

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5.5	2	Operational costs are measured and monitored.	An annual operating budget is prepared identifying monthly expenditure. There is evidence of comparison of the annual budget to the previous year's actuals. As suggested in the previous audit in 2022, the AMP section 14 (Annual budget) includes a description of the process used to prepare the operations budget and how actual expenditure is measured and monitored, as recommended. The review sighted the annual Financial Reports for 2022/23 and 2023/24 including detailed Profit and Loss Statements and the Budget Summary for 2024/25 that confirmed that operational costs are being measured and monitored.	A	1
5.6	3	Staff resources are adequate and staff receive training commensurate with their responsibilities.	Resourcing currently consists of plumbing, electrical, control system and engineering resources. A local person is also available to attend to the water treatment plant that is normally unmanned. Specialist resources have also been engaged when required to undertake servicing of equipment. Information was provided listing details of the above contract resources and their qualifications and experience. However, the AMP does not include a description of the roles and responsibilities of staff and contractors.	B	1
6		ASSET MAINTENANCE		A	1
6.1	2	Maintenance policies and procedures are documented and linked to service levels required.	The Muchea Water Maintenance Plan Ver 1.1 July 2024 has been prepared, which includes a maintenance policy a statement of responsibilities, need for customer notifications and other general statements around the maintenance requirements. Maintenance activities and frequency for the Water Treatment Plant are described in the Water Treatment Plant Operations and Maintenance Manual. As recommended in the previous review in 2022, the Maintenance Plan has been finalised in parallel with the completion of the plant optimisation activities and incorporates a description of how the annual maintenance plan is assembled, including clarifying how inputs such as condition assessment, failures and fortnightly observations are addressed.	A	1
6.2	2	Regular inspections are undertaken of asset performance and condition.	Performance is constantly monitored through online monitoring and by Muchea Water personnel who attend the site almost daily to undertake operations including backwashing, chemical top ups and general duties. WTP activities including asset reviews are recorded in fortnightly reports to management. The Asset Register includes scheduled and completed maintenance for each asset and records the most recent inspection/condition assessment together with any resulting change to the remaining asset life.	A	1

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6.3	2	Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule.	Maintenance plans are documented for the WTP in the O&M manual. As recommended in the previous review in 2022, a recording system has been established in the Asset Register as part of the finalised Maintenance Plan. The Fortnightly Operations Report was also enhanced and now records performance of daily, weekly and fortnightly activities.	A	1
6.4	3	Failures are analysed and operational/maintenance plans adjusted where necessary.	The Asset Register lists the planned maintenance frequency and also indicates the assets which are planned to run to failure – not requiring maintenance. The operational risk assessment considers a range of potential asset failures and plans mitigations. The treatment process performance is not always delivering iron at levels within the aesthetic guidelines. Operational changes to the treatment process have improved the performance, but this has not resolved the iron levels reliably which now requires an upgrade (which Muchea Water are planning for).	A	1
6.5	3	Risk management is applied to prioritise maintenance tasks.	The Operational Risk Assessment prepared since the previous Asset Management System review considers the failure risks, the existing mitigation measures and the potential for interruption to water production and interruption to water supply. Together with time taken to return to service, the criticality is identified and new mitigations proposed for critical items. This has informed the maintenance frequency (which includes zero maintenance for assets designed for run to failure) which is assigned in the Asset Register.	A	1
6.6	3	Maintenance costs are measured and monitored.	As suggested in the previous review in 2022, a brief description of the process to prepare the maintenance budget, measure and monitor the actuals is included in the AMP section 14.2 (Maintenance budget). Maintenance costs are included in the annual operating budget which identifies monthly expenditure. There is evidence of comparison of the annual budget to the previous year's actuals. The review sighted the annual Financial Reports for 2022/23 and 2023/24 including detailed Profit and Loss Statements and the Budget Summary for 2024/25 that confirmed that maintenance costs are being measured and monitored.	A	1

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7		ASSET MANAGEMENT INFORMATION SYSTEM		A	1
7.1	4	Adequate system documentation for users and IT operators.	<p>The asset management system utilises a combination of related corporate systems, data and processes, as per the Asset Management Plan.</p> <p>These systems include:</p> <ul style="list-style-type: none"> • PLC control system with App on mobile devices. • Cloud based system (including MS Teams) • Asset Register (Excel). • Compliance and Reporting Register (Excel) • Commissioning Register (Excel) • Reporting for Operating Licence Performance and Compliance reports compilation. <p>The systems are documented within the Cybersecurity Policy, the systems and for key functions in the detailed IT operating procedures.</p>	A	1
7.2	4	Input controls include suitable verification and validation of data entered into the system.	Data accuracy is controlled by edit checks of data fields in the key system and checks by the user when entering manually completed work order requests and updates. Considered adequate.	A	1
7.3	4	Logical security access controls appear adequate, such as passwords.	<p>Access to the WTP control system is controlled by secure passwords, which are stored within secure password managers. The WTP control system access is limited to two key personnel directly engaged in software management.</p> <p>Other computer systems (such as computers used by customer service and accounting personnel) are secured by password and two factor authentication (2FA) where available, such as cloud based services.</p> <p>There is a Cybersecurity Policy updated in November 2024 that details adequate controls. This is supported by Detailed IT Procedures.</p>	A	1
7.4	4	Physical security access controls appear adequate.	<p>The physical access restrictions to the Administration office in West Perth and the control centre at Muchea were confirmed during review of IT documentation and the field visit.</p> <p>All offsite assets (e.g. bores, pump stations, storage tanks, water treatment plant) are located in secure, fenced and locked compounds. Access to systems via Laptop PCs and mobile devices is controlled by passwords, which are required to be changed on a regular basis.</p>	A	1

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating ⁸	Performance Rating ⁹
7.5	4	Data backup procedures appear adequate and backups are tested.	Data is continually backed up to cloud storage with a managed Information Technology (IT) service provider. There is also a physical back up of the key data systems used by Muchea Water to external hard drives. Backups are tested and data backup procedures are sound. The backup procedures are included in the Cybersecurity Policy and the IT Procedures.	A	1
7.6	4	Key computations related to licensee performance reporting are materially accurate.	From review of source data for the performance reporting, the calculations are considered to be accurate.	A	1
7.7	4	Management reports appear adequate for the licensee to monitor licence obligations.	Service level data from the quarterly/annual drinking water quality reports and annual performance reports is tracked and reviewed on a fortnightly basis. This information is used in the development of the asset replacement strategy and the capital plans, and also in the ongoing review of maintenance plans. There is also a Compliance and Reporting Register to monitor the ongoing licence obligations for ERA, DEWR and DOH. Internal monthly management reports are used to track progress on actions/work and to monitor actual expenditure against budgets.	A	1
7.8	4	Adequate measures to protect asset management data from unauthorised access or theft by persons outside the organisation.	Access to all systems have restricted user access and require passwords that are regularly changed. Data is continuously backed up to cloud storage. There is also a physical back up of the key data systems used by Muchea Water. Backups are tested and data backup procedures are sound. The risks and disaster recovery plans are documented in the IT Procedures document.	A	1
8		RISK MANAGEMENT		A	1
8.1	2	Risk management policies and procedures exist and are being applied to minimise internal and external risks.	The risk assessment measures described in the AMP (Section 10) relate to various asset failure risks including breakdown of plant, damage to plant, environmental hazards, public health and operation health and safety. An operational risk assessment for the treatment plant and an overall risk assessment covering the water supply from source to customer tap were provided for review. The operational risk assessment focuses on asset failure risk (with consequence, likelihood and mitigation assessment) while the overall risk assessment more broadly includes events such as natural disasters, malicious acts and operator error. Both risk assessments demonstrate a thorough assessment of the risks, available mitigations and	A	1

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating ⁸	Performance Rating ⁹
			required improvement to mitigations to reduce risks where required. These documents have been prepared since the previous review and demonstrate a good level of improvement.		
8.2	4	Risks are documented in a risk register and treatment plans are implemented and monitored.	The risks are documented in the Risk Assessment and Mitigation Measures document. The risks include detailed risk assessments for categories of risk being ground water system, treatment plant, storage, reticulation and consumers. Treatment plans are included in the risk assessment and actioned via the construction of the WTP, and the operating and maintenance procedures.	A	1
8.3	4	Probability and consequences of asset failure are regularly assessed.	An Operational Risk Assessment has been prepared since the previous Asset Management System review. This is an excellent document of the operational risks of supplying water. The assessment considers the failure risks for components of the water treatment plant and includes the delivery pumps and Wildflower Ridge pipe failures. For each component failure, the existing mitigation measures are listed and the potential for interruption to water production and interruption to water supply is assessed. Together with time taken to return to service, the criticality is identified and new mitigations proposed for critical items.	A	1
9		CONTINGENCY PLANNING		A	1
9.1	4	Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks.	<p>The AMP section 10 shows the predicted likelihood, consequence, and risk of various asset failures.</p> <p>The AMP section 11 (Contingency planning) describes the emergency management, incident reporting and management, communications and hazards to human and environmental health, including the contingency plans for possible failure events. The Director confirmed that review of contingency plans is constantly considered in the course of operations.</p> <p>In conjunction with the DOH, Muchea Water completes annual mock incident scenario to further test its planning and readiness for unexpected events. The review sighted the Mock Incident Scenarios that documented testing of potential incidents in 2022, 2023 and 2024 that confirmed the contingency plans are understood and regularly tested by the key staff and contractors.</p> <p>The Drinking Water Quality Management Plan also includes incident reporting and emergency response procedure and is to be tested annually in the mock scenarios above.</p>	A	1

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating ⁸	Performance Rating ⁹
10		FINANCIAL PLANNING		A	1
10.1	4	The financial plan states the financial objectives and strategies and actions to achieve the objectives.	An overview of Muchea Water's financial planning processes is included in the AMP, including objectives, strategies and actions to achieve these objectives.	A	1
10.2	4	The financial plan identifies the source of funds for capital expenditure and recurrent costs.	Section 13.3 of the AMP (Capital Works and Funding) describes a future capital works and replacement program that has been developed by Muchea Water. This forecasts expenditure at \$0.2 million over the first 15 years and \$0.4 million over the first 25 years. The AMP documents the source of funds for capital expenditure as being developer charges, State and Federal grants and water charges. Recurrent costs are to be funded through water charges to customers and in the initial years by loan funding from Muchea Water.	A	1
10.3	4	The financial plan provides projections of operating statements (profit and loss) and statement of financial position (balance sheets).	The AMP and the Financial Model show the operating income and expenditure and financial position on an annual basis to 2034. The Financial Statements for 2022/23 and 2023/24 prepared by external accountants included the profit and loss and balance sheets. There is also a detailed annual budget for 2024/25	A	1
10.4	4	The financial plan provides firm predictions on income for the next five years and reasonable indicative predictions beyond this period.	A detailed Financial Model has been prepared that shows annual income and expenditure to 2034. The ongoing costs are borne through water supply charges to customers and the expected growth in lots sold by the developers. Charges are forecast to increase in line with increases in Water Corporation charges to their customers. Muchea Water may look to adjust prices to the extent reasonably required if the financial forecasts indicate that costs or revenue will vary materially from the initial forecast.	A	1
10.5	4	The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services.	The Financial Model provided demonstrates life-cycle costs have been considered in some detail for the existing infrastructure – incorporating upfront capital, staged upgrade, operations, maintenance and renewals expenditure.	A	1

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating ⁸	Performance Rating ⁹
10.6	4	Significant variances in actual/budget income and expenses are identified and corrective action taken where necessary.	An annual operating budget is prepared identifying monthly expenditure. There is evidence of comparison of the annual budget to the previous year's actuals.	A	1
11		CAPITAL EXPENDITURE PLANNING		A	1
11.1	4	There is a capital expenditure plan that covers issues to be addressed, actions proposed, responsibilities and dates.	Section 4.5 of the AMP (Asset renewal planning) sets anticipated asset lives, describes the planned frequency of condition assessments to determine maintenance or renewal/replacement requirements and Table 8 sets out a general approach to replacement strategy for various assets (run to fail, replace on performance drop off or condition assessment).	A	1
11.2	4	The plan provides reasons for capital expenditure and timing of expenditure.	Muchea Water have dealt with the financial challenge of the high up-front cost of establishing the infrastructure and the substantial lag in generating revenue from water sales. The AMP section 13.2 (Pricing) indicates Land Developer funding has been secured for construction of the treatment plant and funding of the water reticulation networks within the development areas. An upfront contribution has also been obtained from Harvis for the connecting pipeline from the WTP to the Harvis development area. Section 13.2 also describes an intention for customer charges to move in line with the Water Corporation's published charges in the future. However, Muchea Water may look to adjust prices to the extent reasonably required if the financial forecasts indicate that costs or revenue will vary materially from the initial forecast. Table 16 from the AMP also shows consideration of seeking additional funding for new assets via State and Federal Grants and establishing loans.	A	1
11.3	4	The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan.	The reviewer confirmed the Capital Plan is based on review of the condition of the assets and the estimated life of the assets as recorded in the Asset Register. The Financial Model includes the expected capital expenditure to 2034.	A	1

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating ⁸	Performance Rating ⁹
11.4	4	There is an adequate process to ensure that the capital expenditure plan is regularly updated and actioned.	The AMP includes review and update as required or if major changes occur. The capital expenditure planning process is considered adequate for the water assets.	A	1
12		REVIEW OF ASSET MANAGEMENT SYSTEM		A	1
12.1	4	A review process is in place to ensure that the asset management plan and the asset management system described therein are kept current.	The AMP includes a revision history table at section 16. The most recent review was July 2024 resulting in AMP Version 5.1. This confirmed that a review process is in place and the asset management system described therein is kept current. The requirement to complete reviews is documented in the Asset Management Plan (section 13.6) and the Compliance and Reporting Register.	A	1
12.2	4	Independent reviews (e.g. internal audit) are performed of the asset management system.	An independent review is performed (by the ERA appointed auditors) every 24 months as required by the licence or longer period as specified by the ERA. There have been no other Independent reviews of specific elements of the water activities during the review period.	A	1

4.7 Review Recommendations

Table of Current Review Asset System Deficiencies and Recommendations

A. Resolved during current review period			
Reference (no./year)	Asset System Deficiency (AMS Component/Effectiveness Criteria/Details)	Auditor's Recommendation	Management Action taken by end of review period
	Nil		
B. Unresolved during current review period			
Reference (no./year)	Asset System Deficiency (AMS Component/Effectiveness Criteria/Ratings/Details)	Auditor's Recommendation	Management Action taken by end of audit period
6/2025	<p>Asset Operations</p> <p><i>Operational policies and procedures are documented and linked to service levels required.</i></p> <p>Rating: A3 (Process: Adequately defined/ Performance: Corrective action required)</p> <p>Muchea Water's asset and operating decisions have been reasonable in addressing the water quality and water pressure delivery to the Wildflower Ridge customers. However, there is a need to improve the treatment outcomes for iron so it meets the aesthetic guideline more frequently. Although the iron levels are safe for drinking, water utility customers do not expect issues with coloured water and staining of appliances and clothes washing. During the site visit, Muchea Water described the works they have planned to improve the treatment performance, with the works planned during 2025.</p>	<p>Despite the treatment process optimisation work and the general improvement in iron levels, it is recommended that, as planned in 2025, Muchea Water make treatment improvements to produce a sustained improvement in the level of iron occurring in the treated water, with the aim of achieving improved aesthetic water levels for customers more consistently than currently provided. These improvements include reticulation upgrades and an additional water storage tank.</p>	Nil

Appendix A - Methodology

A1. Audit and Review Approach

Our approach to meeting the requirements for the operational audit and asset management system effectiveness review is set out below.

Audit and Review Planning

- Conduct an initial meeting with the ERA to confirm the audit/review approach and timing for the audit and review (completed 21 January 2025).
- Contact the licensee to gain an understanding of the business, relevant management plans and systems that may affect the risk assessment for planning purposes (*completed*).
- Prepare a risk assessment including any specific factors or changes relevant to the licensee (in tabular form against each licence condition and asset management system component).
- Submit a draft **Audit and Review Plan**, including the risk assessment and proposed approach, to the ERA for review and approval.
- Send a **Pre-Visit Checklist** of information and documentation to the licensee to enable staff to prepare for the visit (and where possible, send us information prior to the site visit).

Fieldwork

- Undertake a visit to the licensee and conduct various meetings with stakeholders, including corporate services and works/facilities management personnel, to determine the effectiveness of systems and procedures in place and to compare actual performance against the licence standards. *The on-site visit to the Muchea Water estate and Water Treatment Plant, Reserve Road, Chittering, including our Director and Principal Engineer was completed on 25th March 2025.*
- Obtain copies of the latest asset management plans, performance reporting statistics and relevant correspondence between the licensee and the ERA for the audit period.
- The audit steps for the **Operational Audit** will include:
 - **analysis of documented procedures** to assess whether they are consistent with regulatory requirements or arrangements under the licence;
 - **review of systems and procedures** to assess whether they reflect compliance obligations and performance standards, including assessing and testing the following:
 - **control environment** – management's philosophy and operating style, organisational structure, assignment of authority and responsibilities, the use of internal audit, the use of information technology and the skills and experience of the key staff members;
 - **information system** – the appropriateness of the information systems to record the information needed to comply with the licence, accuracy of data, security of data, cyber security and documentation describing the information system;
 - **control procedures** – the presence of systems and procedures to monitor compliance with the licence or the effectiveness of the asset management system and to detect and correct non-compliance or under-performance;
 - **compliance attitude** - the action taken by the licensee in response to the previous audit/review recommendations, and an assessment of management's attitude towards compliance; and

- **outcome compliance** – the actual performance against standards prescribed in the licence throughout the audit period.
- Update the risk assessment with any new information obtained in the course of the audit testing and, in instances of significant non-compliance, assess the licensee's plan to ensure compliance and recommend any further improvements to achieve compliance.
- The activities in the **Asset Management System Review** will include:
 - analyse the documented procedures and processes for the planning, construction, operation and maintenance of assets to assess whether they are consistent with regulatory requirements under the licence;
 - interview key personnel to assess whether they understand and comply with the documented processes and procedures;
 - physically inspect the key assets and infrastructure; and
 - assess the effectiveness of the processes and system in place.

Audit and Review Reporting

- Prior to the conclusion of the visit, the lead auditor will discuss any observations and recommendations with the licensee's management to confirm our understanding of the issues and to discuss the action to be taken.
- Provide a draft report to the ERA for review no later than two weeks before the final report is due and make any revisions necessary.
- Provide the updated draft report to the ERA for review and feedback prior to finalising the report.
- Issue the final report to the ERA.
- The ERA will arrange responses to the proposed actions in the Post Audit Implementation Plan.

A2. Key Documents Reviewed

Regulatory Documents and Reports

- Water Services Act 2012
- Water Services Code of Conduct (Customer Service Standards) 2018 and 2024
- Water Services Code of Practice (Family Violence) 2020
- Water Services Regulations 2013
- 2019 Audit and Review Guidelines: Water Licences (Update August 2022)
- Water Compliance Reporting Manual – July 2024 and March 2021
- Water Services Operating Licence WL51 –Version 3 (from 28 October 2020 to current).
- Map of Licence Operating Area OWR-OA-317- A
- Compliance reports to ERA for 2021/22, 2022/23 and 2023/24
- Performance reporting datasheets to ERA for 2021/22, 2022/23 and 2023/24
- Memorandum of Understanding between the Department of Health (WA) and Muchea Water for Drinking Water (May 2021)
- Energy & Water Ombudsman membership
- Relevant correspondence between the Licensee and the ERA, Department of Environment and Department of Health (as applicable).

Operational Audit

- Relevant correspondence between the Licensee and the ERA
- Customer Service Charter
- Financial Hardship Policy (revised 2024)
- Family Violence Policy
- Record Retention Policy
- Compliance and Reporting Register

- Customer Complaints Reporting Register and complaint records for the period from March 2022 to February 2025
- Planned outage notification example
- Standard Water Supply Customer Contract
- Mucnea Water website
- Preserved Supply Register
- Customer contract
- Standard Terms and Conditions
- Account Establishment Form – Residential and Business
- Connection Application Form – Residential and Business
- Water Fees and Charges
- Building Services Fees
- Watering Exemption Request Form
- Water Billing Review Procedure
- Pay Your Bill
- Sample of water invoices to customers
- Meter Testing report from Water Corporation

Asset Management System Review

- Asset Management Plan Rev. 5.1
- Site plan.
- Drinking Water Quality Management Plan
- Drinking Water Source Protection
- Annual Water Quality Report 2021/22, 2022/23 and 2023/24
- DoH Quarterly Reports
- WTP Operations and Maintenance Manual Rev. D
- Contractor Details
- Maintenance Plan 0724
- IT Procedures
- Cyber Security Policy
- Mock Incident Scenarios 2022 to 2024
- FY24 -25 Budget Summary
- Financial Reports for 2022/23 and 2023/24
- Financial Model V28
- Asset Register V3.3
- Risk Assessment and Mitigation Register
- Faults and Outages – Mucnea Water
- Water Leak Response Procedure
- Leak Allowance Policy
- Fortnightly Operations Report example

A3. Key Contacts

The licensee's representatives participating in the audit were:

- Peter Fogarty – Chairperson (Mucnea Water)
- Mark Giles, Director (Mucnea Water)
- Blair Shackleton, Consulting Engineer
- Kathleen Shackleton, Operations and Customer Support Manager. .

A4. Consultants

NAME AND POSITION	BUDGET HOURS
Geoff White - Director	45
Geoff Hughes – Principal Planning Engineer	30
TOTAL	75

END OF REPORT