

**Submission to the
Economic Regulation Authority**

***Application for a water services licence:
Pannawonica***

Robe River Mining Co Pty Ltd (ACN 008 694 246)

For publication

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1. Licence Application Form and overview: Robe River Mining Co Pty Ltd

1.1 Application Form – New water licence

1.1.1 Applicant Details

Applicant Details	
Name	Robe River Mining Co Pty Ltd
Registered office (if a Corporation)	Level 27, Central Park, 152-158 St. Georges Terrace, PERTH WA 6850, Australia
Principal Place of Business (if different from Registered Office)	Pannawonica, WA, 6716

Contact Details	
Primary contact name	Momcilo Andric, General Manager Pilbara Utilities
Mail Address	Attention: Momcilo Andric, Pilbara Utilities GPO Box A42, Perth, WA, 6837

Company Structure	
ABN or ACN	008 694 246 (ACN) 71 008 694 246 (ABN)
Legal structure of applicant	Proprietary company limited by shares
Place of incorporation	Place: Western Australia, Australia Date: 12 February 1965
Company Directors or Principals	Directors: Clayton Walker Robert Paul Shannon Andrew Thomas Harding David Craig Joyce John William Smith Hirofumi Fujita Soichi Takii

	<p>Company Secretary: Stephen Lynch Helen Ha Ngo Fernihough Jane Margaret McEvoy</p>
A description of the entity's core business	The Applicant's core business is the management and operation of joint venture operations on behalf of the Robe JV participants, which includes mining operations, management of key infrastructure (ie. port, power and rail networks) and towns management.
Brief description of the applicant's business structure and key organisational relationships including associated and/or controlled entities	<p>The Applicant is a proprietary company limited by shares, incorporated and domiciled in Australia.</p> <p>Relevant organisation relationships include:</p> <ul style="list-style-type: none"> • Robe River Joint Venture; • Robe River Limited (ACN 008 478 493); • Pilbara Iron Company (Services) Pty Ltd (ACN 107 210 248); • Hamersley Iron Pty Ltd (ACN 004 558 276); and • Rio Tinto Limited (ACN 004 458 404); and • the Rio Tinto Group.

1.1.2 New Licence

Licence Classification

Water Licence			
Type of licence application	<input checked="" type="checkbox"/> Water Supply (potable) <input type="checkbox"/> Water Supply (non-potable) <input type="checkbox"/> Drainage services <input type="checkbox"/> Irrigation services <input checked="" type="checkbox"/> Sewerage services		
For all Water Licence Classifications	Water system length	< 7	kilometres (excluding reticulation)
For all Water Licence Classifications	Number of standard terms and conditions customers	402 customer premises	

For all Water Licence Classifications	Number of non-standard terms and conditions customers	Not applicable.
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Area(s) to be covered by the licence

Water Licence	
Water Services Operating Area(s) and/or address to be covered by this licence	<p>Operating area name: Pannawonica town</p> <p>Address/location: Pannawonica, WA, 6716, in the Shire of Ashburton</p>

Summary description of licence activity

Services/service model	
Brief description of service(s) or service model intended	Refer to section 3.4.1.

Service/infrastructure/works	
Brief description of service infrastructure/works	Refer to section 3.4.1.

Other regulatory approvals	
Provide summary information on status of other essential regulatory approvals required	<p>Approvals in place:</p> <ul style="list-style-type: none"> • S. 5C <i>Rights in Water and Irrigation Act 1914</i> (WA) Groundwater Well Licence (GWL 107677) • Part V <i>Environmental Protection Act 1986</i> (WA) (Licence L7455/2000/7) • <i>Health Act 1911</i> (WA) Poisons Permit (Permit 16444) <p>Approvals to be sought:</p> <ul style="list-style-type: none"> • Department of Health: Memorandum of Understanding on drinking water quality • Energy & Water Ombudsman: membership • Department of Water: Drinking water source protection plan

1.1.3 Certification

Certification – Acknowledgement of commitment

I declare that the information provided in this application is correct to the best of my knowledge and I am aware of the requirements under the *Water Services Act 2012* for the licence being applied for and that I have the authority to make this application on behalf of the above entity.

Signed by or on behalf of the applicant.

Name	<u>Clayton Walker</u>	Name	<u>S. Lynch.</u>
Position	<u>Director</u>	Position	<u>Director / Company Secretary</u>
Signed		Signed	
Date	<u>27 / 1 / 15</u>	Date	<u>23 / 1 / 15</u>

1.2 Overview - Robe River Mining Co Pty Ltd (Applicant)

Robe River Mining Co Pty Ltd (**Applicant**) is a member of the Rio Tinto Group, and manager and agent of the Robe River Joint Venture (**Robe JV**), which provides potable water and sewerage services to the town of Pannawonica, as well the Robe JV's mining operations. The Applicant has been responsible for the provision potable water and sewerage services to the town of Pannawonica since its establishment (more than 40 years ago).

Under previous legislation, the provision of potable water and sewerage services to the town of Pannawonica were not required to be licensed. Under the new *Water Services Act 2012* (WA) (**Act**), which took effect in November 2013, these services must now be licensed or expressly exempt by the Minister for Water. On 18 October 2013 the Minister for Water granted the Rio Tinto Group, including Robe River Mining Co Pty Ltd, a temporary exemption¹ for the water services provided to Pannawonica pending the formal grant of a new licence under the Act.

1.3 Overview - Pannawonica town (Operating Area)

Pannawonica town is located in the Pilbara region of Western Australia, near the Robe River, about 200 km south-west from Karratha town. Pannawonica was built in 1970 as an iron-ore mining town and was gazetted as a township on 30 June 1972² under the *Local Government Act 1960* (WA). However, it is still considered to be a 'closed' town. This means there are limited visitor's facilities and the accommodation is primarily reserved for mining company staff and their families.

As at July 2014, Pannawonica has approximately 402 residential and commercial properties, with a population of approximately 700 residents. The majority of these are employees of the Rio Tinto Group and their families. Other customers include the local police, schools teachers and community groups. The Applicant does not anticipate any significant increase to the population of the town for the foreseeable future, so the operating area need not incorporate a provision for growth.

The operating area proposed for this application includes the:

- (a) bore field;
- (b) transmission pipeline (potable) to the town;
- (c) distribution system (potable) within the town;
- (d) sewerage and wastewater services assets within the town; and
- (e) pipeline (sewerage and wastewater) from the town to the Waste Water Treatment Plant.

¹ Western Australia, 'Government Gazette of Western Australia', No 188, 18 October 2013, 4758, reference WA401

² Western Australia, 'Government Gazette of Western Australia', No 50, 30 June 1972, 2103

2. Nature of application: new licence required

A new license is required for water supply (potable) and sewerage services to Pannawonica town. While the Applicant has already effectively been providing these services to Pannawonica since its establishment (more than 40 years ago), this licence application is submitted in response to the new provisions of the *Water Services Act 2012* (WA). While there has not been any change in the way water services have been provided by the Applicant at the Pannawonica town, the Applicant nevertheless submits this new application to reflect the requirements of the new Act.

3. Application information

3.1 Summary

Section 3 of this document outlines the additional information required by the ERA in assessing the license application. This information has been collated based on the ERA's *Licence Application Guidelines and Forms – Electricity, Gas and Water Licences* (April 2014).

3.2 Corporate information

Robe River Mining Co Pty Ltd (**Applicant**) (ACN 008 694 246) is a proprietary company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is Level 27 Central Park, 152 – 158 St Georges Terrace, Perth, WA, 6000. The Applicant's core business is the management and operation of joint venture operations on behalf of the Robe JV participants, which includes mining operations, management of key infrastructure (ie. port, power and rail networks) and towns management.

Refer to section 1.1.1 *Applicant Details* for more information.

In this application, a reference to the Rio Tinto Group means Rio Tinto Limited and:

- (a) any Related Body Corporate of Rio Tinto Limited;
- (b) any unincorporated joint venture in which Rio Tinto Limited or any Related Body Corporate of Rio Tinto Limited has a participating interest of not less than 50%; and
- (c) any body corporate or unincorporated joint venture managed by Rio Tinto Limited or any Related Body Corporate of Rio Tinto Limited.

3.3 Financial information

The Applicant has the financial ability and resources, as demonstrated by previous financial year's performance, to provide the required water services, being water supply (potable) and sewerage services. The Applicant also operates under a number of established Rio Tinto Group financial policies.

Further, the assets that are used to supply water services to Pannawonica are already in place and no investment funding is required for operational start up. The main purpose of this application is to comply with the newly imposed legislative licensing requirements, and for avoidance of doubt, is not for any new services to be provided to the town. Evidence supporting this application in accordance with the requirements under the Act, has been provided to the Economic Regulation Authority.

3.4 Technical information

The Applicant has the technical capabilities and resources to supply the required water services, being water supply (potable) and sewerage services. Evidence supporting this application in accordance with the requirements under the Act, has been provided to the Economic Regulation Authority.

3.4.1 Assets

3.4.1.1 Service infrastructure and system

For the supply of potable water services, the Pannawonica township water supply system comprises the following:

- A series of electrically powered submersible pumps pumping groundwater to the surface, located approximately 5 km southeast of the Pannawonica town;
- A pipeline to transport the water from the bore field to town tanks (approximately 4km);
- 3 town water storage tanks;
- Two pipelines to transport the water from the town tanks to the town reticulation network (approximately Line 1 - 1.33km; Line 2 - 1.38km);
- The town reticulation network (approximately 5.6km);
- Chlorine water treatment facility; and
- Town reticulation network.
- *Note: the Potable water services in Pannawonica are not currently metered by the Applicant.*

The Pannawonica township sewerage system comprises of the following:

- Waste Water Treatment Plant (**WWTP**) (Aerobic Treatment Design);
- Vitreous clay and PVC sewage mains (gravity fed to the WWTP);
- Sewer mains (approximately 7 km); and
- Three pump stations.

3.4.1.2 Asset management system

To date, the Pannawonica water supply and sewerage system has been managed in accordance with the Rio Tinto Group's internal guidelines and practice manuals that are benchmarked against international and Australian standards. The Rio Tinto Group also has in place an existing asset management system to assist it with managing Pannawonica's water supply and sewerage system.

The Applicant utilises a number of internal standards that have been developed by the Rio Tinto Group's Iron Ore engineering team. These are based on international and Australian standards. The Iron Ore Engineering Asset Management Standards are available online to all employees and contractors.

3.4.2 Health, Safety, Environment, Quality Management System (HSEQMS)

The health and safety of our employees and consumers is a key priority. As a member of the Rio Tinto Group, the implementation of the Rio Tinto HSEQ management system is mandatory. While the primary focus of this system is to manage health, safety and environmental performance, quality management has also been integrated to ensure businesses are provided with quality programmes.

3.4.3 Customer services information

The Applicant is committed to providing safe, reliable water and sewerage services supported by quality customer service. An effective, well-resourced and trained customer services team is in place, with experience in servicing both Pannawonica town as well as services provided under the Hamersley Iron water services licence. This team are the first contact point for all utilities related matters and queries.

3.4.3.1 Customer contracts

The Applicant proposes to use standard conditions of connection only, which will be reviewed annually. These conditions will also be published online at <http://www.infrastructurecentral.riotinto.com>. The use of non-standard terms and conditions or a non-standard customer contract for the supply of water services to customers is not contemplated.

3.4.3.2 Customer accounts and services

The Applicant will **not be charging** for the provisions of water services to residential or commercial customers in Pannawonica. However, a number of customer service policies are still available to customers, both online and in hard copy upon request. These cover a range of matters relevant to customers, including those who are not charged for water services.

These Policies are approved by the Pilbara Utilities Services Manager and published online at http://www.infrastructurecentral.riotinto.com/ENG/residents/33_policies.asp. This includes a formal complaint resolution process.

3.4.3.3 Water Ombudsman

The Applicant is committed to becoming a member of the Energy and Water Ombudsman (WA), an approved ombudsman scheme, as well as to be bound by its decisions.

3.4.3.4 General overarching compliance program

The Applicant has developed and implemented a responsive compliance program. This has been done to ensure compliance with the relevant water specific statutory regimes, as well as internal compliance requirements.

3.4.4 Additional regulatory approvals and other regulatory requirements

The Applicant has the following approvals in place:

- (a) *Rights in Water and Irrigation Act 1914* (WA): The Groundwater Well Licence (GWL 107677);
- (b) *Environmental Protection Act 1986* (WA): Part V licence for the waste water treatment plant (Licence L7455/2000/7);
- (c) *Health Act 1911* (WA): poisons permit (Permit 16444).

The Applicant is committed to ensuring the following are also in place:

- (a) Drinking Water Source Protection Plan (as at July 2014 this was under review by the Department of Water); and
- (b) The Memorandum of Understanding on drinking water quality (MOU) between the Department of Health and the Applicant.

3.4.5 Relevant experience of the Applicant

3.4.5.1 Experience

Although the Applicant has not previously held a water licence, the Applicant and its predecessors have been supplying potable water and sewerage services to the town of Pannawonica for more than 40 years. Additionally, along with other Rio Tinto Group towns in the Pilbara (i.e. Dampier, Tom Price, Paraburdoo) Pannawonica water quality has been consistently monitored and reported to the Department of Health by the Rio Tinto Group's Pilbara Utilities Division. There are no other equivalent licences held by the Applicant or its associated or controlled entities under the law of another Australian State or Territory.

3.4.5.2 Resources

The Applicant has engaged a number of qualified and experienced personnel to implement water and customer services which have been long established for Pannawonica town. The key technical personnel engaged onsite are within the Rio Tinto Group's Pilbara Utilities division. The personnel onsite, as well as customers, are supported by the Rio Tinto Group's Perth-based teams.

Where any contractor is engaged, they will be managed, from selection through to performance evaluation, in line with the *Iron Ore (WA) Management System Standard Element 7 – Supplier and Contractor Management standard*. The Applicant has engaged Pilbara Iron Company (Services) Pty

Ltd (**PICS**), another member of the Rio Tinto Group (administered through the Pilbara Utilities Division), to procure electricity, water and sewerage services for the Pannawonica town.

3.4.5.3 Training

All employees and contractors of the Applicant are trained competently and understand the risks and controls associated with the activity that they perform. Further these qualifications will be maintained by each member and additional training requirements added as required. The Rio Tinto Group has a qualified Training team who assist in supporting site operations and internal training standards.

3.5 Public interest considerations

It would not be contrary to the public interest to issue a licence to the Applicant, for the supply of water services to Pannawonica town, pursuant to the *Water Services Act 2012* (WA).

3.5.1 Environmental considerations

3.5.1.1 *Rights in Water and Irrigation Act 1914* (WA): water abstraction licensing

The *Rights in Water and Irrigation Act 1914* (WA) requires the careful management of water abstractions. The Department of Water is the relevant Authority and requires that water abstractions be sustainable – which includes a requirement that priority provision has been made for an environmental allocation.

The Pannawonica Groundwater Operating Strategy (GWOS) has been developed and implemented to assist in managing the operation of the groundwater licence. The GWOS contains operating rules, monitoring program requirements, water efficiency considerations and contingency plans. The Applicant aims to ensure that potential water quality impacts are assessed through the existing groundwater monitoring programme. To date, aquifer performances have not justified major shifts in abstraction approaches. The results of environmental monitoring are provided to the Department of Environment Regulation through the existing Annual Aquifer Review process.

3.5.1.2 *Environmental Protection Act 1986* (WA): Part V licence

Part V of the *Environmental Protection Act 1986* (WA) requires the occupier of premises to obtain a works approval when undertaking works which would cause the premises to become prescribed, as specified in Schedule 1 of the *Environmental Protection Regulations 1987* (WA). The Applicant has consistently demonstrated compliance with Part V of the *Environmental Protection Act 1986* (WA) and the WWTP licence. The Applicant intends to continue to comply with all relevant requirements.

3.5.2 Public health considerations

3.5.2.1 *Drinking water source protection plan*

The Applicant has worked with the Department of Water to develop a public drinking water source protection plan, ensuring that sources of drinking water are protected in accordance with the approach endorsed by the Australian Drinking Water Guidelines.

3.5.2.2 MOU for drinking water quality and the Drinking Water Guidelines

As previously mentioned, the Applicant has been consistently compliant with the *Australian Drinking Water Guidelines 2011 (Cth) (Drinking Water Guidelines)* in its provision of drinking water to Pannawonica. The Applicant will use its best endeavours to ensure a MOU is executed between the Applicant and the Department of Health within the timeframe specified in the licence.

3.5.2.3 Health Act 1911 (WA): poisons permit

Poisons Permit (**Permit 16444**) has been issued under the *Health Act 1911 (WA)* to allow the purchase of chlorine gas and hydrofluorosilicic acid.

3.5.2.4 Monitoring and sampling

Chemical, physical, and microbiological factors can impact on water quality and affect the provision of safe, potable drinking water to consumers. A regular and appropriate sampling program is central to achieving this. A chlorine dosing facility provides appropriate water treatment for potable water provision, under relevant Department of Health regulations.

Under the Groundwater Licence (GWL 107677(6)), the GWOS stipulates a monitoring regime for raw water from the bore field. The results are reported to the Department of Water as part of the annual and triennial aquifer reviews. In addition to the sampling required under the GWOS, operational sampling of raw water from the production bores is completed every 6 months for physical parameters, analyses and metals.

Treated water from reticulation points is monitored and sampled as part of the multi barrier approach to bore field management. To date, operational monitoring and sampling is required to comply with Mines Inspectors directives for mine site potable water quality in accordance with the letter from the State Mining Engineer to the Applicant. This requires the Applicant to comply with the Australian Drinking Water Guidelines, as well as to conduct routine monitoring (including chemical and microbiological analysis) and provide this information to the Department of Health.

Further, representatives of the Applicant meet with the Department of Health on a quarterly basis to discuss the provision of water, any changes and health related issues that may have arisen during the period. Pannawonica town's water supply is included in these discussions.