

Operational Audit and Asset Management System Review

Hamersley Iron Pty Ltd

3605-53

Prepared for
Economic Regulation Authority of Western
Australia

October 2016



Contact Information

Cardno (QLD) Pty Ltd
 ABN 57 051 074 992

Level 11, Green Square North Tower
 515 St Paul's Terrace
 Locked Bag 4006
 Fortitude Valley Qld 4006

Telephone: 07 3369 9822
 Facsimile: 07 3369 9722
 International: +61 7 3369 9822

www.cardno.com.au

Document Information

Prepared for	Economic Regulation Authority of Western Australia
Project Name	Hamersley Iron Pty Ltd
File Reference	Audit and Review Report - Hamersley Iron.docx
Job Reference	3605-53
Date	October 2016

Document Control

Version	Date	Description of Revision	Prepared By	Prepared (Signature)	Reviewed By	Reviewed (Signature)
0.1	21/08/2016	Draft for Hamersley Iron review and comments	Justin Edwards	JE	Stephen Walker	SVW
1.0	08/09/2016	Draft for ERA review	Justin Edwards	JE	Stephen Walker	SVW
2.0	17/10/2016	Final version for issue to ERA	Justin Edwards	JE	Stephen Walker	SVW
3.0	18/10/2016	Revision for ERA comments	Justin Edwards	JE	Stephen Walker	SVW

Version	Reason for Issue	Approved for Release By	Approved (Signature)	Approved Release Date
0.1	Draft for Hamersley Iron review and comments	Justin Edwards	JE	21/08/2016
1.0	Draft for ERA review	Justin Edwards	JE	08/09/2016
2.0	Final version for issue to ERA	Justin Edwards	JE	17/10/2016
3.0	Revision for ERA comments	Justin Edwards	JE	18/10/2016

© Cardno 2016. Copyright in the whole and every part of this document belongs to Cardno and may not be used, sold, transferred, copied or reproduced in whole or in part in any manner or form or in or on any media to any person other than by agreement with Cardno.

This document is produced by Cardno solely for the benefit and use by the client in accordance with the terms of the engagement. Cardno does not and shall not assume any responsibility or liability whatsoever to any third party arising out of any use or reliance by any third party on the content of this document.

Executive Summary

General

Hamersley Iron Pty Ltd (a subsidiary of Rio Tinto) holds a water services operating licence (WL33) which permits it to provide potable water services and sewerage services and undertake, maintain and operate any water appropriate service works to Hamersley Iron Pty Ltd. The operating licence was granted by the Economic Regulation Authority (ERA) on 29 June 2001 and last amended on 18 November 2013 to be consistent with the *Water Services Act 2012*.

Under the Operating Licence, Hamersley Iron operates and maintains the Sewerage and Potable Water Services for the port town of Dampier and the inland mining towns of Tom Price and Paraburdoo.

The towns of Paraburdoo and Dampier and their water services were constructed to accommodate 3,000 persons, with both currently having populations of less than 2,000. Tom Price was constructed for a 5,000 population and currently has approximately 4,000.

The potable water supply for both Tom Price and Paraburdoo is sourced from groundwater. The storage tanks which serve Dampier are supplied from the Water Corporation's potable water supply system.

The sewerage system serving Tom Price consists of 43 km of gravity collection sewers, two pumping stations, a screening system and a series of oxidation ponds. The system serving Paraburdoo is comprised of 19 km of gravity collection sewers, two pumping stations and a treatment plant that utilises an Imhoff tank and a series of lagoon treatment ponds. The Dampier sewerage system is comprised of 21 km of gravity collection sewers, three pumping stations and a treatment plant that utilises Imhoff tanks and trickling filters.

Treated effluent from the Tom Price treatment plant is chlorinated before being discharged offsite to Kings Lake Reserve. Treated wastewater from the Paraburdoo treatment plant is either discharged to the evaporation pond or, if this is full, down a drainage line through the licenced discharge point. The treated effluent from the Dampier treatment facility is disinfected by chlorination, stored on-site and then used to irrigate the town's sports ovals (Hampton Oval and Dampier Oval) at night. While Hampton Oval is freehold land that is owned by Hamersley Iron, Dampier Oval (also known as Windy Ridge Oval) is a Shire-owned reserve. However, both ovals are zoned as reserves and are irrigated by using the treated effluent from the Dampier treatment plant. The ovals are approved discharge points under a Part V licence (licence number L6755/1996/9) issued by the Department of Environment Regulation. When irrigation is precluded, the stored effluent is pumped into the ocean via a long outfall.

Audit and Review Objectives

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

The operational audit has been conducted in order to assess Hamersley Iron Pty Ltd's level of compliance with the conditions of its operating licence.

The asset management system review has been conducted in order to assess the effectiveness of Hamersley Iron Pty Ltd's asset management system.

This report outlines the findings of the audit and review of Hamersley Iron Pty Ltd to fulfil the above objectives, conducted on Monday 8 August, Tuesday 9 August and Wednesday 10 August 2016. The operational audit and asset management system review both cover the period of 1 July 2013 to 30 June 2016.

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

Operational Audit

Findings from the Previous Operational Audit

The previous audit identified that Hamersley Iron Pty Ltd had complied with all but two of its Water Services Operating Licence performance and quality standards and licence obligations during the audit period 1 July 2010 to 30 June 2013. The previous audit identified non-compliances for Hamersley Iron Pty Ltd's Customer Charter not being readily accessible to all customers and for it not meeting the performance standard for customer complaints, as set out in its operating licence during 2011-12.

The previous audit made a number of improvement recommendations that were included in the Post-Audit Implementation Plan. These were:

1. Improve the reaction time to customer complaints to ensure the performance standard set in the Operating Licence, which requires that 90% of customer complaints are resolved within 15 business days, is achieved.

Resolved during audit period although this obligation is no longer required under the Water Services Act 2012

2. The complaints register should provide sufficient details of the outcome of customer complaints irrespective of the nature of the complaint.

Resolved during audit period although this obligation is no longer required under the Water Services Act 2012

3. Update the "Pilbara Utilities Customer Complaints Resolution Guideline" and/or "Standard Work Procedure – Customer Complaints" to include appropriate references to the obligation to promptly cooperate with the Department of Water's requests, during the process of investigation and conciliation of complaints.

Resolved during audit period although this obligation is no longer required under the Water Services Act 2012

4. Update the "Pilbara Utilities Customer Complaints Resolution Guideline" and/or "Standard Work Procedure – Customer Complaints" to include appropriate references to the obligation to provide requested information to the Department of Water in respect of customer complaints.

Resolved during audit period although this obligation is no longer required under the Water Services Act 2012

5. The Customer Charter should be prominently displayed in parts of its offices to which customers regularly have access.

Resolved during audit period although this obligation is no longer required under the Water Services Act 2012

6. The ERA should be consulted with respect to the type and extent of customer consultation to be undertaken.

This obligation is no longer required under the Water Services Act 2012

7. Continue to be proactive in its preventative maintenance of the water systems to ensure it meets the performance standard for continuity of supply in the future.

Ongoing, although this obligation is no longer required under the Water Services Act 2012

8. Change the Customer Charter appropriately to state that it may, with the written agreement of the property owner, discontinue a service to a property where the servicing of the property is not commercially viable.

Resolved during audit period although this obligation is no longer required under the Water Services Act 2012

Findings from the Current Operational Audit

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

Water Services Licensing Act 1995

1. A1/2016 – With regard to the Water Services Licensing Act, Section 38(2), which required the licensee to comply with the service and performance standards as set out in Schedule 4 of the operating licence, data related to the emergency response target was previously recorded by the Customer Service Team based on ensuring that the customer was advised of what would occur within one hour. The information was not recorded in RTTMS or the outage database that the licensee maintains.

As such, the licensee did not record the time to respond to the customer in the event of an emergency response and it is not possible, for the period within the audit period that this obligation was in place, to confirm, or otherwise, that 90% of customers within 1 hour of reporting an emergency were advised of the nature and timing of the action to be undertaken by the licensee.

While we cannot confirm whether this performance standard was met, we consider that a failure to demonstrate compliance is not sufficient reason to rate this as a non-compliance. As this obligation is no longer in place, there is no recommendation for the licensee to rectify the issue.

2. A2/2016 - Although the obligation for the licensee to establish customer consultation processes as set out in Schedule 3 of its operating licence has been obsolete with the introduction of the *Water Services Act 2012*, we note that the Customer Charter that has been retained by the licensee is dated December 2011, and informs customers that “*Rio Tinto provides customer information and consultation by two methods: by conducting annual surveys and by the publication of magazines and newsletters. We will publish and make available at our premises information on matters relating to our water and waste water supply services and on other aspects such as complaints handling. Rio Tinto company representatives will provide their name and section in business discussions with customers.*”

We recommend that the licensee reviews this information at the next review of its Customer Charter in order to decide whether the text is still relevant or needs to be revised or removed.

Water Services Act 2012

3. A3/2016 – With regard to the *Water Services Act 2012, Clause 5.1*, the licensee has not complied with all applicable legislation.
4. A4/2016 - With regard to the *Water Services Act 2012, Clause 5.3*, the licensee has not complied with all of the obligations of the *Water Services Code of Conduct (Customer Service Standards) 2013*.

Water Services Code of Conduct (Customer Service Standards) 2013

5. Obligation 119 - We note that in its 2013/14 Compliance Report, the licensee reported a non-compliance against this obligation as the Centrepay option was not offered at this time. None of the licensee's customers could select Centrepay as a payment method and the licensee did not hold a Centrepay account during the year. This issue was resolved during the audit period and no further action is required.
6. A5/2016 – With regard to the *Water Services Code of Conduct (Customer Service Standards) 2013, Clause 12(3)*, the licensee's bills do not inform the customer of all the specified information and where further details can be obtained.
7. A6/2016 – With regard to the *Water Services Code of Conduct (Customer Service Standards) 2013, Clause 35(4)*, the licensee's complaints procedure does not inform the customer of the costs and benefits to the customer if they use the complaint resolution procedure instead of the procedures under the Act. In addition, the licensee's procedure does not provide any information related to the provision for customer to appeals from, or the review of, decisions using the procedures under the

Water Services Act 2012, including applications to the State Administrative Tribunal for the review of such decisions.

8. A7/2016 – The licensee has retained its customer charter and makes it readily available to its customers via its website. The current version of the Customer Charter is dated December 2011. As it has not been updated since the introduction of the *Water Services Act 2012*, the option to refer the disputed complaint to the Department of Water is still communicated to customers, as opposed to referencing the Energy and Water Ombudsman. We have assigned the recommendation to update and correct this information to *Water Services Code of Conduct (Customer Service Standards) 2013, Clause 35(4)*.
9. A8/2016 – With regard to the *Water Services Code of Conduct (Customer Service Standards) 2013, Clause 37(1)*, the prescribed information publicly available does not clearly inform customers with regard to the power of a person authorised under section 129 to enter a place without consent, notice or warrant to read a meter connected to the licensee’s water service works.
10. A9/2016 – With regard to the *Water Services Code of Conduct (Customer Service Standards) 2013, Clause 37(1)*, the prescribed information publicly available does not specify that the supply of water cannot be cut off to an occupied dwelling unless the occupier agrees to it.

Water Services Act 2012 (Licence Conditions)

11. A10/2016 – With regard to the *Water Services Act 2012, Section 12, Licence Clause 5.3*, the licensee has not complied with all of the obligations of the *Water Services Code of Conduct (Customer Service Standards) 2013*.
12. A11/2016 – With regard to the *Water Services Act 2012, Section 29, Licence Clause 26*, the licensee has not complied with all the duties imposed on it by the Act as it was unable to meet all Code requirements.

Summary Opinion of the Control Environment

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

Operational Audit - Overall Compliance

The overall compliance of Hamersley Iron Pty Ltd with its licence is summarised in Section 4.2 of this report. 9 of 183 items were rated as non-compliant. All other items were assessed as compliant, not applicable or not able to be rated.

Asset Management System Review

Findings of the Previous Asset Management System Review

The asset management system review assessed the performance of Hamersley Iron Pty Ltd against the key asset management processes and effectiveness criteria set out in the ERA Guidelines.

The previous asset management system review identified the following recommendations:

1. Environmental Analysis: References to Item 1.3 – “Legislative Environment” of the Utilities Asset Management Improvement Plan should be added to both the MoU with the Department of Health and the Licences issued by the Department of Environment and Conservation for the Wastewater Treatment Plants. Additionally, the title of Item 1.3 should be amended to read “Legislative and Licensing Environment”.

Resolved during audit period

Findings of the Current Asset Management System Review

The review of Hamersley Iron Pty Ltd’s asset management system identified that all of the overall key asset management processes were rated A1. The gradings that we have assigned to the licensee’s asset management system components are based on our judgement that the licensee has a very advanced and comprehensive asset management system in place, and achieves what would be considered ‘best practice’.

The following recommendation was identified during the current review:

Reference (no./year)	Asset Management System Component	Issue	Auditor’s recommendation
R1/2016	<i>B2 Compliance with statutory and regulatory requirements</i>	<p>The treated effluent from Hamersley Iron’s Dampier treatment facility is disinfected by chlorination, stored on-site and then used to irrigate the town’s sports ovals (Hampton Oval and Dampier Oval) at night. While Hampton Oval is freehold land that is owned by Hamersley Iron, Dampier Oval (also known as Windy Ridge Oval) is a Shire-owned reserve.</p> <p>We note that under the two operating licences that were in place during the review period, Version 6 and Version 7, Hamersley Iron was not authorised under the licence to provide non-potable water.</p>	<p>We recommend that Hamersley Iron discusses an application for an amendment to its operating licence with the ERA to allow for the provision of a non-potable water service to the Shire-owned Dampier Oval that it currently supplies.</p>

Based on our asset management system review observations and findings, we consider that the adequacy and performance of the licensee’s system more than meets a level appropriate for the licensee, given the size, asset base and risks associated with the services that it is licenced to provide.

Based on the findings from our site inspections, the assets appear to be in good condition and well-maintained.

Assessment of the Effectiveness of the Asset Management System

Based on the outcomes of the audit, the Auditors found that the asset management processes and measures have been implemented and are being followed. It is the Auditor’s opinion that the asset management system is operating to a high standard.

Asset Management System Review - Overall Effectiveness

A summary of our assessment of the effectiveness of Hamersley Iron Pty Ltd’s Asset Management System is provided in Section 4.3. All elements but one were rated “A” for policy and procedures. All elements but one were graded “1” for performance. The only component that was rated lower than A1 was the ‘*Compliance with statutory and regulatory requirements*’ component of Environmental Analysis element. Details are provided above in the Findings of the Current Asset Management System Review.

Table of Contents

Executive Summary	iii
1 Introduction	1
1.1 Background	1
1.2 Purpose of this Report	2
2 Scope of Works	3
2.1 Audit/Review Objectives	3
2.2 Scope of Works	3
2.3 Methodology and Approach	3
2.4 Time Period Covered by the Audit/Review	14
2.5 Time Period of the Audit/Review Process	14
2.6 Details of the Licensee Representatives Participating in the Audit/Review	14
2.7 Details of Key Documents and Other Information Sources	14
2.8 Details of Auditors Participating in the Audit/Review and Hours Utilised	19
3 Licensee's Response to Previous Recommendations	20
3.1 Previous Audit Non-Compliances and Recommendations	20
3.2 Previous Review Ineffective Components and Recommendations	26
4 Performance Summary	28
4.1 Assessment Rating Scales	28
4.2 Operational Audit Compliance Summary	29
4.3 Asset Management Review Effectiveness Summary	37
5 Observations and Recommendations	41
5.1 Performance Audit	41
5.2 Asset Management System Review	157
6 Recommendations	184
6.1 Performance Audit	184
6.2 Asset Management System Review	190
7 Confirmation of the Audit/Review	192

Tables

Table 2-1 Licence Audit Methodology	5
Table 2-2 Asset Management Review Methodology	10
Table 2-3 Details of Licensee Representatives	14
Table 2-4 Details of Audit / Review Team Members	19
Table 3-1 Previous Audit Non-Compliances and Recommendations	20
Table 3-2 Previous Review Ineffective Components and Recommendations	26
Table 4-1 Audit Compliance and Controls Rating Scales	28
Table 4-2 Asset Management Process and Policy Definition Adequacy Rating	28
Table 4-3 Asset Management Performance Ratings	29
Table 4-4 Audit Obligation Ratings	29
Table 4-5 Asset Management Review Effectiveness Summary	37
Table 5-1 Performance Audit Observations	41

Table 5-1	Asset Management System Review Observations	157
Table 6-1	Table of Current Audit Non-Compliances and Recommendations	184
Table 6-2	Table of Current Review Asset System Deficiencies/Recommendations	190

Appendices

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

1 Introduction

1.1 Background

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

Hamersley Iron Pty Ltd (hereafter Hamersley Iron), a subsidiary of Rio Tinto, operates iron ore mines, and associated railway and port facilities in the Pilbara region of Western Australia.

Under the Operating Licence, issued by the ERAWA, Hamersley Iron operates and maintains the Sewerage and Potable Water Services for the port town of Dampier and the inland mining towns of Tom Price and Paraburdoo.

The towns of Tom Price, Paraburdoo & Dampier were constructed in 1975/76 in conjunction with development of the Tom Price and Channar mines at Tom Price and Paraburdoo respectively and the port facilities at Dampier.

The towns of Paraburdoo and Dampier and their water services were constructed to accommodate 3,000 persons, with both currently having populations of less than 2,000. Tom Price was constructed for a 5,000 population and currently has approximately 4,000.

The potable water supply for both Tom Price and Paraburdoo is sourced from groundwater. The storage tanks which serve Dampier are supplied from the Water Corporation's potable water supply system.

Hamersley Iron's operating licence also includes for the Bungaroo water supply system. The Bungaroo water supply project involved the construction of a borefield in the lower Bungaroo Valley (35 km south east of Pannawonica) and an 87 km pipeline connecting to the Water Corporation's water supply scheme at Millstream to deliver water to Rio Tinto's coastal operations and the towns of Dampier and Wickham. Construction was completed prior to the audit period although full operation did not start until 2014, within the review period. The project delivers up to 10 GL/year.

The sewerage system serving Tom Price consists of 43 km of gravity collection sewers, two pumping stations, a screening system and a series of oxidation ponds. The system serving Paraburdoo is comprised of 19 km of gravity collection sewers, two pumping stations and a treatment plant that utilises an Imhoff tank and a series of lagoon treatment ponds. The Dampier sewerage system is comprised of 21 km of gravity collection sewers, three pumping stations and a treatment plant that utilises Imhoff tanks and trickling filters.

Treated effluent from the Tom Price treatment plant is chlorinated before being discharged offsite to Kings Park Reserve. Treated wastewater from the Paraburdoo treatment plant is either discharged to the evaporation pond or, if this is full, down a drainage line through the licenced discharge point. The treated effluent from the Dampier treatment facility is disinfected by chlorination, stored on-site and then used to irrigate the town's sports ovals (Hampton Oval and Dampier Oval) at night. While Hampton Oval is freehold land that is owned by Hamersley Iron, Dampier Oval (also known as Windy Ridge Oval) is a Shire-owned reserve. However, both ovals are zoned as reserves and are irrigated by using the treated effluent from the Dampier treatment plant. The ovals are approved discharge points under a Part V licence (licence number L6755/1996/9) issued by the Department of Environment Regulation. When irrigation is precluded, the stored effluent is pumped into the ocean via a long outfall.

In addition to its water services licence issued by ERAWA, Hamersley Iron holds Department of Environment Regulation licence numbers: L5817/1994/13, L6759/1996/12 and L6755/1996/9 for the wastewater treatment plants at Tom Price, Paraburdoo and Dampier respectively. Hamersley Iron operates its drinking water

services in accordance with the Memorandum of Understanding entered into with the Department of Health, dated 20 January 2012.

1.2 Purpose of this Report

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

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

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

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

The asset management system review covers:

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

2 Scope of Works

2.1 Audit/Review Objectives

The objectives of this audit were to:

1. Provide to the Authority an independent assessment of Hamersley Iron's compliance with all of the relevant obligations under the licences
2. Provide to the Authority an independent assessment of the effectiveness of Hamersley Iron's asset management system in relation to WL33
3. Provide recommendations to address non-compliances, if any.

2.2 Scope of Works

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

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

The scope of works of this audit included:

- ▶ Interviews with key staff members from Hamersley Iron to:
 - Assess findings from the last audit and review the actions taken to address the recommendations from the previous audit / review
 - Assess performance against licence conditions for WL33
 - Assess performance against each asset management process for WL33.
- ▶ Reviews of documents, procedures and policy manuals.
- ▶ Testing and assessment to determine whether the procedures and policies are followed and determine its effectiveness
- ▶ Preparation of an audit report in accordance with the format outlined in the ERA Audit and Review Guidelines: Water Licences (July 2014).

2.3 Methodology and Approach

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

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

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

Our methodology for completing this audit assignment was based on:

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

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

Table 2-1 Licence Audit Methodology

Audit Area (2013 Licence unless noted otherwise)	Priority	Approach	Systems	Key Documents
2012 / Clause 20.1 Service and Performance standards	2	<ul style="list-style-type: none"> Review performance reports Review performance tracking systems / tools Interview with Licensee staff 	<ul style="list-style-type: none"> Performance tracking tools, e.g. response time tracking, blockages tracking 	<ul style="list-style-type: none"> Performance reports (2014, 2015) Correspondence with ERA
Other Licence Conditions				
2012 / Clause 6.1 Complaints	4	<ul style="list-style-type: none"> Review Customer Charter Review policies and procedures for complaints handling 	<ul style="list-style-type: none"> Customer contacts tracking system Complaints policies and procedures 	<ul style="list-style-type: none"> Customer Service Charter Complaints Procedure Complaints Sheet Form
2012 / Clause 6.1 Complaints, Schedule 3 Clause 3.1	4	<ul style="list-style-type: none"> Review contacts / complaints tracking system and performance 	<ul style="list-style-type: none"> Customer contacts /complaints tracking system 	<ul style="list-style-type: none">
2012 / Clause 6.1 Complaints, Schedule 3 Clause 3.2 (b)	5	<ul style="list-style-type: none"> Review organization chart / resourcing Review training records Review Levels of Authority 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> Level of Authority register Training records
2012 / Clause 6.1 Complaints, Schedule 3 Clause 3.2 (d)	4	<ul style="list-style-type: none"> Review complaints handling systems 	<ul style="list-style-type: none"> Customer contacts /complaints tracking system 	<ul style="list-style-type: none"> Complaints records on system Correspondence relating to complaints
2012 / Clause 6.1 Complaints, Schedule 3 Clause 3.4	4	<ul style="list-style-type: none"> Interview Licensee staff Review Customer Charter Review correspondence 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> Customer Service Charter Complaints Procedure Correspondence relating to complaints
2012 / Clause 6.1 Complaints, Schedule 3 Clause 3.6	4	<ul style="list-style-type: none"> Interview Licensee staff Review correspondence with Department (if any) 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> Correspondence with Department (if any)
2012 / Clause 6.1 Complaints, Schedule 3 Clause 3.7	4	<ul style="list-style-type: none"> Interview Licensee staff Review correspondence with Department (if any) 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> Correspondence with Department (if any)
2012 / Clause 7.1, Customer Service Charter	4	<ul style="list-style-type: none"> Review Customer Service Charter Review correspondence with ERA re: approval of Customer Service Charter 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> Customer Service Charter Correspondence with ERA re: approval of Customer Service Charter
2012 / Clause 6.1 Complaints, Schedule 3 Clause 2.5	3	<ul style="list-style-type: none"> Interview with staff Note that due to point in time, testing historic availability may not be possible 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none">

Audit Area (2013 Licence unless noted otherwise)	Priority	Approach	Systems	Key Documents
2012 / Clause 7.1 Customer Service Charter, Schedule 3 Clause 2.6	4	<ul style="list-style-type: none"> Interview with staff Review of Customer Service Charter 		<ul style="list-style-type: none"> Customer Service Charter Correspondence with ERA
2012 / Clause 7.1 Customer Service Charter, Schedule 3 Clause 2.7	3	<ul style="list-style-type: none"> Interview with staff 		<ul style="list-style-type: none"> Customer Service Charter
2012 / Clause 8 Customer Consultation	4	<ul style="list-style-type: none"> Interview with staff Findings from Schedule 3 customer consultation clauses 		<ul style="list-style-type: none">
2012 / Clause 8, Customer Consultation, Schedule 3, Clause 4.1	3	<ul style="list-style-type: none"> Interview with staff Review Customer Council agendas, minutes, other correspondence Review material relating to other consultation approaches 		<ul style="list-style-type: none"> Customer Council agendas, minutes, correspondence, etc. Material relating to other consultation processes
2012 / Clause 8, Customer Consultation, Schedule 3, Clause 4.2	4	<ul style="list-style-type: none"> Review correspondence between ERA and Licensee regarding customer consultation 		<ul style="list-style-type: none"> Correspondence between ERA and Licensee regarding consultation
2012 / Clause 8, Customer Consultation, Schedule 3, Clause 4.3	4	<ul style="list-style-type: none"> Identify if any requests from ERA regarding other forums 		<ul style="list-style-type: none"> Correspondence between ERA and Licensee regarding other consultation forums, if applicable
2012/ Clause 8, Schedule 3, Clause 6, Customer Surveys	4	<ul style="list-style-type: none"> Review correspondence with ERA regarding survey (if any) Review customer survey results (if any) 		<ul style="list-style-type: none"> Correspondence with ERA regarding survey (if any) Customer survey results (if any)
2012 / Schedule 6, Clause 2.1	4	<ul style="list-style-type: none"> Review conditions of connection Review availability of connections 		<ul style="list-style-type: none"> Conditions of connection
2012 / Schedule 6, Clause 2.2	4	<ul style="list-style-type: none"> Interview with Staff 		<ul style="list-style-type: none">
2012 / Schedule 6, Clause 2.3	4	<ul style="list-style-type: none"> Interview with licensee staff Review correspondence regarding discontinuation of service (if any) 		<ul style="list-style-type: none"> Correspondence regarding discontinuation of service (if any)
2012/Clause 9.2(c) MoU	4	<ul style="list-style-type: none"> Review correspondence with Department of Health Confirm review and renew documents 		<ul style="list-style-type: none"> Memorandum of Understanding Correspondence with Department of Health

Audit Area (2013 Licence unless noted otherwise)	Priority	Approach	Systems	Key Documents
2012/Clause 9.2(d) MoU	4	<ul style="list-style-type: none"> Review correspondence with Department of Health 		<ul style="list-style-type: none"> Completed Memorandum of Understanding Correspondence with Department of Health
2012/Clause 9.2(e) MoU	4	<ul style="list-style-type: none"> Review correspondence with Department of Health 		<ul style="list-style-type: none"> Amended Memorandum of Understanding Correspondence with Department of Health
Licence Audit				
Clause 4 Fees	5	<ul style="list-style-type: none"> Review invoices from Authority and receipts of payment 		<ul style="list-style-type: none"> Invoices and receipts
Clause 5 Compliance	Various	<ul style="list-style-type: none"> Review legislative requirements and confirm compliance Identify any corrective action applied to correct / prevent breaches of compliance 	<ul style="list-style-type: none"> Work scheduling system 	<ul style="list-style-type: none"> Performance standards Compliance Summary Reports (record of breaches)
Clause 12 Accounting Records	4	<ul style="list-style-type: none"> Check that 2013/14 and 2014/15 financial statements are signed off as being to appropriate standards 		<ul style="list-style-type: none"> 2013/14 Financial Statement 2014/15 Financial statement
Clause 13 Individual Performance Standards	4	<ul style="list-style-type: none"> Confirm that the licensee has complied with the standards, principles and reporting requirements set out in Schedule 3 		<ul style="list-style-type: none"> Customer complaints Flow and pressure records Flow and pressure test results
Clause 14 Operational Audit	4	<ul style="list-style-type: none"> Confirm Authority's requirement for an operational audit every 24 months Check if any requests have been submitted to the Authority to review requirements 	<ul style="list-style-type: none"> Correspondence register 	<ul style="list-style-type: none"> Previous operational audit reports Correspondence with the ERA
Clause 15 Reporting change in circumstances	4	<ul style="list-style-type: none"> Review any correspondence with the Authority 	<ul style="list-style-type: none"> Correspondence register 	<ul style="list-style-type: none"> Correspondence with ERA
Clause 16 Provision of Information	4	<ul style="list-style-type: none"> Confirm that the licensee has provided the Authority with data required for performance monitoring purposes as set out in the Compliance Reporting Manual. 	<ul style="list-style-type: none"> Correspondence register 	<ul style="list-style-type: none"> Annual compliance reports Annual performance report Correspondence register
Clause 17 Publishing Information	4	<ul style="list-style-type: none"> Check if any requests have been issued by the Authority to publish any information relating to the performance of the Licensee and correlating response 	<ul style="list-style-type: none"> Correspondence register 	<ul style="list-style-type: none"> Letters of notification / requests from the Authority Response to the Authority

Audit Area (2013 Licence unless noted otherwise)	Priority	Approach	Systems	Key Documents
Clause 18 Notices	4	<ul style="list-style-type: none"> Confirm all notices are issued in writing 	<ul style="list-style-type: none"> Correspondence register 	<ul style="list-style-type: none"> Issued notices Licensee communication/correspondence to the Authority
Clause 19 Review of the Authority's Decisions	4	<ul style="list-style-type: none"> Confirm if any requests of a reviewable decision has been issued to the Authority and correlating response 		<ul style="list-style-type: none"> Requests for review of decision (Correspondence)
Clause 20 Asset Management System	4	<ul style="list-style-type: none"> Confirm that an asset management system is in place (where a system is comprised of appropriate policy and planning documents, staff and supporting systems) 	<ul style="list-style-type: none"> Enterprise Asset Management System Computerised Maintenance Management System 	<ul style="list-style-type: none"> Asset Management Policies Asset Management Plans Asset Management Systems and Procedures Manual Asset Register
Clause 21 Water Services Ombudsman Scheme	4	<ul style="list-style-type: none"> Confirm whether the licensee is a member of a scheme and assess compliance 	<ul style="list-style-type: none"> Correspondence register 	<ul style="list-style-type: none"> Correspondence with ERA Correspondence with Ombudsman
Clause 22 Standard Terms & Conditions	NA	<ul style="list-style-type: none"> Confirm that not applicable 		
Clause 23 Customer Contract	5	<ul style="list-style-type: none"> Check whether the Authority has asked for and approved a customer contract during the audit period. Confirm that the contracts comply with the Customer Contract Guidelines Check whether there have been any amendments to the customer contracts during the audit period. 	<ul style="list-style-type: none"> Correspondence register 	<ul style="list-style-type: none"> Correspondence with ERA Examples of customer contracts
Clause 24 Non Standard Terms & Conditions of Service	4	<ul style="list-style-type: none"> Assess whether the licensee has agreements with customers that include non-standard terms and conditions If applicable, confirm that the non-standard terms and conditions have been approved by the Authority If applicable, confirm annual reports of agreements containing non-standard terms and conditions have been published and comply with the operating licence requirements. 	<ul style="list-style-type: none"> Correspondence register 	<ul style="list-style-type: none"> Correspondence with ERA Examples of agreements with non-standard terms & conditions (if applicable) Annual reports of non-standard terms & conditions agreements

Audit Area (2013 Licence unless noted otherwise)	Priority	Approach	Systems	Key Documents
Clause 25 Supplier of Last Resort	4	<ul style="list-style-type: none"> Confirm whether the licensee is a supplier of last resort and, if applicable, assess compliance with the functions required under the operating licence. 	<ul style="list-style-type: none"> Correspondence register 	<ul style="list-style-type: none"> Correspondence with ERA/Minister Last Resort Supply Plan
Clause 26 Duties of the Licensee	4	<ul style="list-style-type: none"> Assess compliance with the duties of the licensee under the Water Act 		<ul style="list-style-type: none"> Correspondence with ERA Compliance Summary Reports (record of breaches)
Clause 27 Provision of Water Services	4	<ul style="list-style-type: none"> Confirm the provision of services complies with those set out in Schedule 1 of the operating licence 		<ul style="list-style-type: none"> Current plan of operating area Customer contracts in place for the provision of water services
Clause 28 Provision of Water Services Outside Operating Areas	4	<ul style="list-style-type: none"> Check whether the licensee provides water services outside its designated operating area. 	<ul style="list-style-type: none"> Correspondence register 	<ul style="list-style-type: none"> Correspondence with ERA Current plans of operating area and map of licenced operating area
Clause 29 Works Holding Arrangements	4	<ul style="list-style-type: none"> Check whether any water service works that are not held by or for the licensee are covered by a Works Holding Arrangement agreement 		<ul style="list-style-type: none"> Works Holding Arrangements
Clause 30 Hardship Policy	4	<ul style="list-style-type: none"> Confirm Hardship policy in place by time required (approved by no later than 18 May 2014) 		<ul style="list-style-type: none"> Correspondence between licensee and ERA Hardship Policy
Clause 31 Memorandum of Understanding	4	<ul style="list-style-type: none"> Review MoU – existence and provisions Review compliance with MoU water quality requirements Check that MoU is published Check that audit reports are published Check that drinking water quality reports are published 	<ul style="list-style-type: none"> Water quality database or system for tracking compliance with MoU 	<ul style="list-style-type: none"> Memorandum of Understanding Water quality monitoring plan Notification procedure for events Audit reports Water quality testing results (hard copies to cross-check against database)

Table 2-2 Asset Management Review Methodology

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

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

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

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

2.4 Time Period Covered by the Audit/Review

The operational licence audit covers the period from 1 July 2013 to 30 June 2016. The asset management system review covers the period from 1 July 2013 to 30 June 2016.

The previous operational licence audit covered the period from 1 July 2010 to 30 June 2013 and was undertaken by Paxon Group. The previous asset management system review also covered the period from 1 July 2010 to 30 June 2013 and was also undertaken by Paxon Group.

2.5 Time Period of the Audit/Review Process

The audit/review commenced in February 2016 with preparation of the draft Audit Plan. Interviews with Hamersley Iron staff were carried out on Monday 8 August, Tuesday 9 August and Wednesday 10 August 2016 at Hamersley Iron's offices and sites in Perth, Paraburdoo and Tom Price.

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

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

Table 2-3 Details of Licensee Representatives

Name	Position
Mr M Andric	General Manager
Mr H Bennett	Principal Water Advisor
Mr B Edwards	Manager Maintenance Engineering
Mr D Brandli	Specialist Water Operations
Mr N Kearney	Specialist Engineer
Mr D Coutts	Technical Advisor
Mr D Hunt	Superintendent Tom Price
Mr N Ralph	Mechanical Supervisor
Mr S Taylor	Maintenance Planner Scheduler
Mr P Linde	Mechanical Supervisor
Mr P McMaster	Mechanical Supervisor
Mr A Shay	Maintenance Planner Scheduler
Mr V Glen	Superintendent Long Term Planning Reliability Engineering
Mr Jimmy Taneski	Advisor Utilities
Ms Gianette McCartney	Principal Advisor Commercial
Ms K McDougall	Compliance Advisor
Ms Claire Njelesani-Njovu	Specialist Commercial

2.7 Details of Key Documents and Other Information Sources

- ▶ Hamersley Iron Pty Ltd Water Services Operating Licence – WL33, Version 7, 8 October 2012
- ▶ Hamersley Iron Pty Ltd Water Services Operating Licence – WL33, Version 7, 18 November 2013
- ▶ Hamersley Iron Pty Ltd, Bungaroo Creek Licence Operating Area Potable Water Supply Services – Plan No. OWR-OA-305
- ▶ Hamersley Iron Pty Ltd, Tom Price Operating Area Potable Water Supply and Sewerage Services – Plan No. OWR-OA-268

- ▶ Hamersley Iron Pty Ltd, Dampier Operating Area Potable Water Supply and Sewerage Services – Plan No. OWR-OA-267
- ▶ Hamersley Iron Pty Ltd, Paraburdoo Operating Area Sewerage Services – Plan No. OWR-OA-269
- ▶ Hamersley Iron Pty Ltd, Paraburdoo Operating Area Potable Water Supply Services – Plan No. OWR-OA-274
- ▶ Hamersley Iron Pty Ltd, Tom Price Operating Area Potable Water Supply Services – Plan No. OWR-OA-279
- ▶ Paxon Group, Hamersley Iron Pty Ltd, Operational Audit and Asset Management System Review, Audit Report, 23 September 2013
- ▶ Rio Tinto Customer Charter – Utilities, Water and Wastewater Services – December 2011
- ▶ 2016/17 Hamersley Iron budget
- ▶ 2016/17 Rates and Tariffs
- ▶ Access to Rio Tinto website
- ▶ Annual Compliance Reports 2014
- ▶ Annual Drinking Water Quality Reports 2013/14 and 2014/15
- ▶ Annual Environmental to Reports to Department of Environment Regulation for Dampier Wastewater Treatment Plant for 2013, 2014 and 2015
- ▶ Annual Environmental to Reports to Department of Environment Regulation for Paraburdoo Waste Water Treatment Plant for 2013, 2014 and 2015
- ▶ Annual Environmental to Reports to Department of Environment Regulation for Tom Price Waste Water Treatment Plant for 2013, 2014 and 2015
- ▶ Annual Performance Reports (2013/14, 2014/15)
- ▶ ANZ Direct Debit Agreement Application Form
- ▶ ARMS
- ▶ Asset Disposal Procedure (WC4027)
- ▶ Blue Banner - HSE General Notice - RTIO Core Services – 1 May 2016, outlining Core Services Business Resilience Team structure changes and contact details
- ▶ Rio Tinto Capital Coordinator's Guide (CA02)
- ▶ Correspondence with DoH
- ▶ Correspondence with Energy and Water Ombudsman
- ▶ Correspondence with the ERA
- ▶ Department of Health/Rio Tinto - Binding Protocols (RTIO-HSE-0134865)
- ▶ Direct Debit Consent and Authority Form
- ▶ Disposal of Asset Work Practice Note (WP0592-01)
- ▶ Drinking Water Quality Management Plan (RTIO-HSE-0241762)

- ▶ Example of Rio Tinto – Pilbara Utilities - Outage Notice
- ▶ Examples of Certificates of Designation for the licensee’s Compliance Officers
- ▶ Examples of completed Bluesheets
- ▶ Examples of completed Capital Expenditure Application Forms
- ▶ Examples of completed Project Initiation Forms
- ▶ Examples of customer bills
- ▶ Examples of Operational Readiness checklists
- ▶ Examples of Process Resource Tools (PRTs)
- ▶ Examples of risk details recorded in ARM
- ▶ Examples of Site Based Contingency Plans
- ▶ Examples of Site Reliability Plans
- ▶ Flow and Pressure Annual Test Results, 2013/14, 2014/15 and 2015/16
- ▶ Hamersley Iron Five Year Budget 2016/17 to 2020/21
- ▶ Hamersley Iron Pty Ltd – Operational Audit and Asset Management System Review – Audit Report – 23 September 2013 – Paxon Group
- ▶ HSEQ Audit Report, September 2013
- ▶ HSEQ Audit Report, September 2015
- ▶ Internal analysis for preparation of 2016/17 rates and tariffs
- ▶ Iron Ore (WA) Utilities Legal Claims, Court, WA Planning Commission, and State Administrative Tribunal Proceedings Register (RTIO-LE-0000842)
- ▶ Letter from Authority dated 14 July 2016 regarding approval of the amended policy.
- ▶ Memorandum of Understanding between the Department of Health and Hamersley Iron Pty Ltd for Drinking Water, 20 January 2012
- ▶ Rio Tinto - Project Initiation Form (RTIO-AM-0170548)
- ▶ Quarterly Drinking Water Quality Reports
- ▶ Review of complaints recorded in RTTMS
- ▶ Review of drawings of Hamersley Iron’s licenced operating areas
- ▶ Review of Hamersley Iron’s CITECT system
- ▶ Review of licensee performance monitoring records, e.g. pump run hours, chlorine monitoring data
- ▶ Review of operation and maintenance records
- ▶ Rio Tinto – Core Services – Compliance Officers (Water) Notices Issued Register (RTIO-AM-0168892)
- ▶ Rio Tinto – Core Services – Core Services Land Development Guidance Note (RTIO-AM-0121019)

- ▶ Rio Tinto – Core Services – Guidance Note – Core Services Customer Complaints Resolution Guideline (RTIO-AM-0098613)
- ▶ Rio Tinto – Capital Accounting Manual (CA00)
- ▶ Rio Tinto – Iron Ore – Pilbara Utilities - 2015/16 Plan on a Page (RTIO-AM-0170585)
- ▶ Rio Tinto – Iron Ore – Pilbara Utilities – Aging Towns Strategy (RTIO-AM-0170583)
- ▶ Rio Tinto – Iron Ore – Pilbara Utilities - Asset Maintenance Strategy (RTIO-AM-0077192)
- ▶ Rio Tinto – Iron Ore – Pilbara Utilities – Asset Management Improvement Plan – Water and Wastewater Services 2016 (RTIO-AM-0099745)
- ▶ Rio Tinto – Iron Ore – Pilbara Utilities – Asset Management Strategy 2016 (RTIO-AM-0170586)
- ▶ Rio Tinto – Iron Ore – Pilbara Utilities - Business Plan
- ▶ Rio Tinto – Iron Ore – Pilbara Utilities - Demand Management Plan
- ▶ Rio Tinto – Iron Ore – Pilbara Utilities – Site Reliability Plans – Operating and Maintenance
- ▶ Rio Tinto - Iron Ore (WA) Business Continuity Plan - Water Infrastructure and Supply (RTIO-HSE-0273691)
- ▶ Rio Tinto - Pilbara electricity and water services - Bill review policy (RTIO-AM-0118756)
- ▶ Rio Tinto - Pilbara electricity and water services - Community subsidies and concessions policy (RTIO-AM-0118637)
- ▶ Rio Tinto - Pilbara electricity and water services - Complaint and dispute resolution policy (RTIO-AM-0118755)
- ▶ Rio Tinto – Pilbara electricity and water services – Development and planning policy (RTIO-AM-0118746)
- ▶ Rio Tinto - Pilbara electricity and water services - Financial hardship and payment difficulty policy (RTIO-AM-0118449)
- ▶ Rio Tinto – Pilbara electricity and water services – Invoicing and meter reading policy (RTIO-AM-0118753)
- ▶ Rio Tinto – Pilbara electricity and water services – Keeping your distance – a guide for undertaking works near our water infrastructure (RTIO-AM-0135249)
- ▶ Rio Tinto - Pilbara electricity and water services – Privacy Policy (RTIO-AM-0118743)
- ▶ Rio Tinto - Pilbara electricity and water services - Rio Tinto as a utility provider document (RTIO-AM-0118749)
- ▶ Rio Tinto - Pilbara electricity and water services – Standard connections for water, sewerage and electricity supply (RTIO-AM-0118754)
- ▶ Rio Tinto - Pilbara electricity and water services – Sustainable and efficient use of water and electricity policy (RTIO-AM0118745)
- ▶ Rio Tinto - Pilbara electricity and water services - Tariff and charges policy (RTIO-AM-0118636)
- ▶ Rio Tinto – Pilbara Utilities – Recycled Water Quality Management Plan (RTIO-AM-0146434)
- ▶ Rio Tinto – Pilbara Utilities – Water Services Guidance Note (RTIO-AM-0125857)

- ▶ Rio Tinto – Water and wastewater connection application form (RTIO-AM-0099957)
- ▶ Rio Tinto (WA) Core Services Water Bills Checklist (RTIO-AM-0169617)
- ▶ Rio Tinto Annual Reports 2013/14 and 2014/15
- ▶ Rio Tinto - Asset Management Standard (RTIO-AM-0170587)
- ▶ Rio Tinto - Iron Ore - Business Continuity Work Practice Note (RTIO-HSE-0164285)
- ▶ Rio Tinto Business Resilience and Recovery Guidance Note (GNMS1201)
- ▶ Rio Tinto – Iron Ore – Emergency Response Plan (RTIO-HSE-0188892)
- ▶ Rio Tinto Iron Ore Utilities Division - Drinking Water Quality Annual Report – Towns - 1/7/2013 to 30/6/2014 (RTIO-AM-0131475)
- ▶ Rio Tinto Iron Ore Utilities Division - Drinking Water Quality Annual Report – Towns - 1/7/2014 to 30/6/2015 (RTIO-AM-0148662)
- ▶ Rio Tinto Risk Management Policy
- ▶ Rio Tinto Risk Management Standard, June 2014
- ▶ Rio Tinto Utilities Land Development Evidence Register
- ▶ Risk register Summary Sheet
- ▶ RTIO Hazard Identification and Risk Management Work Practice (RTIO-HSE-0062207)
- ▶ SAP
- ▶ Standard Work Procedure – Core Services – Working at premises and in roads (RTIO-HSE-0162350)
- ▶ Standard Work Procedure – Core Services –Major and general works (RTIO-HSE-0283463)
- ▶ Standard Work Procedure for Restoring Water Supply
- ▶ Standard Work Procedure for Sewer Overflows
- ▶ Surplus Advice (S44) Form template
- ▶ SWP for Return of Potable Water Mains to Service (Drinking Water Quality) - Pipe Break (RTIO-HSE-0269377)
- ▶ SWP for Sewer Overflows (RTIO-HSE-0162350)
- ▶ SWP register (RTIO-HSE-0202708).

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

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

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

Table 2-4 Details of Audit / Review Team Members

Name	Organisation	Role	Summary of Task	Hours Utilised
Justin Edwards	Cardno	Auditor	<ul style="list-style-type: none">▪ Prepare audit plan▪ Undertake audit▪ Prepare audit report	120
Stephen Walker	Cardno	Reviewer	<ul style="list-style-type: none">▪ Review Audit Plan▪ Review Audit Report	20

3 Licensee's Response to Previous Recommendations

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

3.1 Previous Audit Non-Compliances and Recommendations

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

Table 3-1 Previous Audit Non-Compliances and Recommendations

A. Resolved before end of previous Audit period				
Reference (no./year)	(Compliance rating/ Legislative obligation / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
B. Resolved during current Audit period				
Reference (no./year)	(Compliance rating/ Legislative obligation / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
1.1/2013	Customer Complaints The previous audit noted the following: <ul style="list-style-type: none"> The percentages of customer complaints resolved within 15 business days during the audit period were as follows: 	<i>Hamersley Iron should improve its reaction time to customer complaints to ensure it reaches the performance standard set in the Operating Licence which requires that 90% of customer complaints are resolved within 15 business days.</i>	December 2013	No further action required

B. Resolved during current Audit period

Reference (no./year)	(Compliance rating/ Legislative obligation / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
	<ul style="list-style-type: none"> - 2010 – 2011: 100%; - 2011 – 2012: 80%; and - 2012 – 2013: 92%. <ul style="list-style-type: none"> ▪ In terms of Schedule 4, clause 1.2 of the Operating Licence, 90% of customer complaints should be resolved within 15 business days; and <p>Hamersley Iron thus did not meet the performance standard for customer complaints, as included in the Operating Licence, during the 2011 – 2012 year.</p>	<p>Customer complaints are managed using the Customer Complaint Response Guideline. Complaints are recorded in RTTMS (Rio Tinto Ticket Management System). Reaction times are tracked by the Customer Service Team.</p> <p>The annual compliance report and annual performance report submitted by HI to the ERA for 2013/14 show that of the six complaints received, five were resolved within 15 business days.</p> <p>Although this is an 83.3% compliance, and less than the required performance target, this obligation was made obsolete with the introduction of the <i>Water Services Act 2012</i> in November 2013. The licensee's complaints register shows that it did not receive any complaints between 1 July 2013 and 13 November 2013 when the obligation became obsolete.</p>		
1.2/2013	<p>Customer Complaints</p> <p>The previous audit noted the following:</p> <ul style="list-style-type: none"> ▪ The complaints registers across all 3 years during the audit period provide insufficient details of the outcome of complaints. Audit noted, specifically in respect of billing complaints received during the 2012/2013 year, the register did not indicate how the majority of such complaints were resolved. 	<p><i>The complaints register should provide sufficient details of the outcome of customer complaints irrespective of the nature of the complaint.</i></p> <p>Improvements were made to RTTMS after the 2013 audit was completed, and these allowed for more details to be able to be recorded for each complaint, including the outcome.</p>	December 2013	No further action required
1.3/2013	<p>Customer Complaints</p> <p>The previous audit noted the following:</p>	<p><i>Update the "Pilbara Utilities Customer Complaints Resolution Guideline" and/or "Standard Work Procedure – Customer Complaints" to include appropriate references to the obligation to promptly</i></p>	December 2013	No further action required

B. Resolved during current Audit period

Reference (no./year)	(Compliance rating/ Legislative obligation / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
	<ul style="list-style-type: none"> ▪ Hamersley Iron has compiled the following documents which deal with customer complaints: <ul style="list-style-type: none"> – “Pilbara Utilities Customer Complaints Resolution Guideline”; and – “Standard Work Procedure – Customer Complaints”. <p>However, none of these two documents refer to cooperation with the Department of Water's request, during the process of investigation and conciliation of complaints.</p>	<p><i>cooperate with the Department of Water's requests, during the process of investigation and conciliation of complaints.</i></p> <p>This obligation is no longer required under the <i>Water Services Act 2012</i>.</p> <p>The ‘Pilbara Utilities Customer Complaints Resolution Guideline’ and ‘Standard Work Procedure – Customer Complaints’ documents were reviewed and updated in 2013 and again 2016. The current versions of the document include information related to customer complaint management in relation to the Energy and Water Ombudsman Western Australia. No complaints were referred to the Department of Water during the period during the audit period when the obligation was in place.</p>		
1.4/2013	<p>Customer Complaints</p> <p>The previous audit noted the following:</p> <ul style="list-style-type: none"> ▪ Hamersley Iron has compiled the following documents which deal with customer complaints: <ul style="list-style-type: none"> – “Pilbara Utilities Customer Complaints Resolution Guideline”; and – “Standard Work Procedure – Customer Complaints”. <p>However, none of these two documents refer to the provision of requested information to the Department of Water in respect of customer complaints.</p>	<p><i>Update the “Pilbara Utilities Customer Complaints Resolution Guideline” and/or “Standard Work Procedure – Customer Complaints” to include appropriate references to the obligation to provide requested information to the Department of Water in respect of customer complaints.</i></p> <p>This obligation is no longer required under the <i>Water Services Act 2012</i>. Refer to 1.3/2013.</p>	December 2013	No further action required
1.5/2013	<p>Customer Service Charter</p> <p>The previous audit noted the following:</p>	<p><i>The Customer Charter should be prominently displayed in parts of its offices to which customers regularly have access.</i></p>	December 2013	No further action required

B. Resolved during current Audit period

Reference (no./year)	(Compliance rating/ Legislative obligation / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
1.6/2013	<p>Customer Consultation</p> <p>The previous audit noted the following:</p> <ul style="list-style-type: none"> ▪ Hamersley Iron last consulted the ERA in respect to the type and extent of customer consultation in 2004; ▪ Hamersley Iron proposed, in its letter to the ERA dated 9 June 2004, the following: <ul style="list-style-type: none"> – Publication of an annual customer newsletter (Water Wisdom); and – Distribution of a customer feedback questionnaire. ▪ The ERA in its response, dated 21 June 2004, stated it regard the proposed customer consultation: <p>“...as a useful first step towards meeting the licence’s requirements for customer consultation...”; and</p> ▪ As Hamersley Iron last consulted the ERA in respect of customer consultation more than 9 years ago, it is considered prudent to repeat the process. 	<p>Although the licensee has chosen to retain a Customer Charter, this obligation is no longer required under the <i>Water Services Act 2012</i>. We cannot conclude that the licensee did not meet this obligation for the required duration in the current audit period.</p> <p><i>The ERA should be consulted with respect to the type and extent of customer consultation to be undertaken.</i></p> <p>This obligation is no longer required under the <i>Water Services Act 2012</i>. No customer consultation was completed between the time of the last audit and when the obligation became obsolete.</p>	October 2013	No further action required

B. Resolved during current Audit period

Reference (no./year)	(Compliance rating/ Legislative obligation / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
1.7/2013	<p>Service and Performance Standards</p> <p>The previous audit noted the following:</p> <ul style="list-style-type: none"> ▪ The percentages of connected properties that did not experience an interruption to water supply exceeding 1 hour in duration (12 month data) were as follows: <ul style="list-style-type: none"> – 2010 – 2011: 44.3%; – 2011 – 2012: 75.3%; and – 2012 – 2013: 41%. ▪ Hamersley Iron thus did not meet the performance standard for continuity of supply, as included in the Operating Licence, during the 2010 – 2011 and 2012 – 2013 years. Hamersley Iron has stated that these instances of non-compliance were caused by unplanned outages due to burst mains, and planned outages for mains upgrades. 	<p><i>Continue to be proactive in its preventative maintenance of the water systems to ensure it meets the performance standard for continuity of supply in the future.</i></p> <p>This obligation is no longer required under the <i>Water Services Act 2012</i>.</p> <p>The water supply systems in each town supplied by the licensee were originally constructed in 1969/70 and the licensee has an ongoing program of water mains upgrades.</p> <p>Although the performance target is no longer applicable, the licensee records interruption information in a register of interruptions. The register records the record ID, date, title, town, location, reason for interruption, number of customers affected, whether the outage was >1 hour, whether it was planned or unplanned and the total duration.</p> <p>The data shows that the licensee met the performance target during 2013/14, although the obligation was only in place for part of the year. The target would not have been met in 2014/15 as a result of the impact of planned interruptions.</p> <p>The impact of planned interruptions was predominantly the reason for the licensee previously not meeting the performance standard, with planned work often requiring whole of town outages.</p>	Ongoing	No further action required
1.8/2013	<p>Other Provisions (Schedule 6)</p> <p>The previous audit noted the following:</p>	<p><i>Change the Customer Charter appropriately to state that it may, with the written agreement of the</i></p>	December 2013	No further action required

B. Resolved during current Audit period

Reference (no./year)	(Compliance rating/ Legislative obligation / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
	<ul style="list-style-type: none"> The reference in the Customer Charter to the discontinuance of services due to non-payment of charges is specific but narrow. It does not cover all the different scenarios that may make servicing of a property commercially unviable. 	<p><i>property owner, discontinue a service to a property where the servicing of the property is not commercially viable.</i></p> <p>This obligation is no longer required under the <i>Water Services Act 2012</i>. The licensee has maintained a Customer Charter for its customers. However, the most recent revision of the Charter is December 2011 and, as such, it was not updated to take account of this recommendation.</p>		

C. Unresolved at end of current Audit period

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

3.2 Previous Review Ineffective Components and Recommendations

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

Table 3-2 Previous Review Ineffective Components and Recommendations

A. Resolved before end of previous review period				
Reference (no./year)	(Asset management effectiveness rating / Asset Management System Component & Criteria / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
B. Resolved during current review period				
Reference (no./year)	(Asset management effectiveness rating / Asset Management System Component & Criteria / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
2.1/2013	<p>Environmental Analysis</p> <p><i>Opportunities and threats in the system environment are assessed</i></p> <p>The previous review noted the following:</p> <ul style="list-style-type: none"> Hamersley Iron's "Utilities Asset Management Improvement Plan 2013" (Improvement Plan) provides a description of the water services operating and maintenance, legislative and corporate environment; 	<ul style="list-style-type: none"> References to Item 1.3 – "Legislative Environment" of the Utilities Asset Management Improvement Plan should be added to both the MoU with the Department of Health and the Licences issued by the Department of Environment and Conservation for the Wastewater Treatment Plants. Additionally, the title of Item 1.3 should be amended to read "Legislative and Licensing Environment". 	September 2013	No further action required

B. Resolved during current review period

Reference (no./year)	(Asset management effectiveness rating / Asset Management System Component & Criteria / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
	<ul style="list-style-type: none"> ▪ Item 1.3 – “Legislative Environment” of the Improvement Plan, lists the Operating Licence together with other legislative controls. However, the Memorandum of Understanding (MoU) between Hamersley Iron and the Department of Health, regarding the supply of drinking water is not listed, nor are the Licences issued to Hamersley Iron by the Department of Environment and Conservation (DEC) - for the operation of wastewater treatment facilities serving each of the towns; and ▪ Hamersley Iron's responsibilities under the Operating Licence and the MoU with the Department of Health are set out as a matrix in Appendix 6 of the Improvement Plan. The MOU and DEC licences are also noted in Appendix 3 – Operational / Maintenance Requirements Summary, which sets out those responsible for monitoring and achievement of the relevant KPIs and standards of the respective licences. Notwithstanding these additional references, the Reviewer considers the MoU and DEC licences should be listed in Item 1.3 of the Improvement Plan for completeness. 	<p>We confirmed that the recommendations have been completed in the licensee's Asset Management Improvement Plan. The most recent update of the document was completed in July 2016 but there has been at least one update in each year since the previous audit.</p>		

C. Unresolved at end of current review period

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

4 Performance Summary

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

4.1 Assessment Rating Scales

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

Table 4-1 Audit Compliance and Controls Rating Scales

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

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

Rating	Description	Criteria
A	Adequately defined	<ul style="list-style-type: none"> ▪ 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 requires 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) require minor improvements (taking into consideration the assets that are being managed). ▪ Process and policy documentation is incomplete or requires significant improvement.
C	Requires significant improvement	<ul style="list-style-type: none"> ▪ Processes and policies do not document the required performance of the assets. ▪ Processes and policies are significantly out of date. ▪ The asset management information system(s) require significant improvements (taking into consideration the assets that are being managed).

Rating	Description	Criteria
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 that are being managed).

Table 4-3 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	Opportunity for improvement	<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 actioned.
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 actioned.
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.

4.2 Operational Audit Compliance Summary

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

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

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

Table 4-4 Audit Obligation Ratings

Compliance Obligation Ref No. (2014 Water Compliance Reporting Manual unless noted otherwise)	Licence Reference	Audit Priority applied (rated 1 (Highest) to 5 (Lowest))	Adequacy of Controls Rating					Compliance Rating						
			A	B	C	D	NP	1	2	3	4	Na	NR	
Water Services Licensing Act 1995														
2012/7	Clause 20.1	2		✓						✓				
2012/9	Clause 6.1	4						✓		✓				
2012/10	Schedule 3 Clause 3.1	4						✓		✓				
2012/12	Schedule 3 Clause 3.2 (b)	5						✓		✓				
2012/14	Schedule 3 Clause 3.2 (d)	4						✓		✓				

Compliance Obligation Ref No. (2014 Water Compliance Reporting Manual unless noted otherwise)	Licence Reference	Audit Priority applied (rated 1 (Highest) to 5 (Lowest))	Adequacy of Controls Rating					Compliance Rating						
			A	B	C	D	NP	1	2	3	4	Na	NR	
2012/15	Schedule 3 Clause 3.4	4					✓							✓
2012/17	Schedule 3 Clause 3.6	4					✓							✓
2012/18	Schedule 3 Clause 3.7	4					✓							✓
2012/19	Clause 7.1	4					✓	✓						
2012/20	Schedule 3 Clause 2.5	4					✓	✓						
2012/21	Schedule 3 Clause 2.6	5					✓							✓
2012/22	Schedule 3 Clause 2.7	4					✓	✓						
2012/23	Clause 8	4					✓	✓						
2012/24	Schedule 3 Clause 4.1	4					✓	✓						
2012/25	Schedule 3 Clause 4.2	4					✓	✓						
2012/26	Schedule 3 Clause 4.3	4					✓							✓
2012/32	Schedule 3 Clause 6	4					✓							✓
2012/34	Clause 9.2(c)	4					✓							✓
2012/35	Clause 9.2(d)	4					✓							✓
2012/36	Clause 9.2(e)	4					✓							✓
2012-	Schedule 6 Clause 2.1	4					✓	✓						
2012-	Schedule 6 Clause 2.2	4					✓	✓						
2012-	Schedule 6 Clause 2.3	4					✓							✓
Water Services Act 2012														
Fees (Clause 4)														
155	Clause 4	5					✓							✓
Compliance (Clause 5)														
156	Clause 5.1	4		✓						✓				
10	Clause 5.2	4						N/A					✓	
11	Clause 5.3	4		✓						✓				
13	Section 36	4					✓							✓
16	Section 77(3)	4					✓	✓						
17	Sections 82(4) & (5)	4					✓							✓
18	Section 84(2)	4					✓							✓
19	Section 87(2)	4					✓							✓
20	Section 90(7)	5					✓							✓

Compliance Obligation Ref No. (2014 Water Compliance Reporting Manual unless noted otherwise)	Licence Reference	Audit Priority applied (rated 1 (Highest) to 5 (Lowest))	Adequacy of Controls Rating					Compliance Rating							
			A	B	C	D	NP	1	2	3	4	Na	NR		
21	Section 95(3)	2	✓												✓
22	Section 96(1)	4						✓							✓
23	Section 96(5)	5						✓							✓
24	Section 98(3)	4						✓							✓
25	Section 106(2)	4						✓							✓
28	Section 119(2)	4						✓							✓
29	Section 122(2)	4						✓							✓
30	Section 125(2)	4						✓							✓
31	Section 128(4)	4						✓							✓
32	Section 129(5)	4						✓							✓
33	Section 139(3)	4						✓							✓
34	Section 141(1)	4						✓							✓
35	Sections 142	4						✓							✓
36	Sections 143 (2)	4						✓							✓
37	Sections 143 (3)	4						✓							✓
38	Sections 144(3)	4						✓							✓
39	Section 145(2)	4						✓							✓
40	Section 147(3)	4						✓							✓
41	Section 147(4)	4						✓							✓
42	Section 151(1)	4						✓							✓
43	Section 151(2)	4						✓							✓
44	Section 152(3)	4						✓							✓
45	Section 153(3)	4						✓							✓
46	Section 166(5)	4						✓							✓
47	Section 166(6)	4						✓							✓
48	Section 170	4						✓							✓
49	Section 173(4)	4						✓							✓
50	Section 174(1)	4						✓							✓
51	Section 174(3)	4						✓							✓
52	Section 175(2)	4						✓							✓
53	Section 175(5)	4						✓							✓
54	Section 176(1)	4						✓							✓
55	Section 176(3)	4						✓							✓

Compliance Obligation Ref No. (2014 Water Compliance Reporting Manual unless noted otherwise)	Licence Reference	Audit Priority applied (rated 1 (Highest) to 5 (Lowest))	Adequacy of Controls Rating					Compliance Rating							
			A	B	C	D	NP	1	2	3	4	Na	NR		
56	Section 176(4)	4					✓								✓
57	Section 181	5					✓								✓
58	Section 186	4					✓								✓
59	Section 187(1) – (3)	4					✓								✓
60	Section 190(4)	4					✓								✓
61	Section 190(5)	4					✓								✓
62	Section 210(5)	4					✓								✓
63	Section 218(2)	5					✓								✓
64	Section 218(3)	4					✓								✓
157	Clause 5.2	4						N/A						✓	
158	Clause 5.3	4		✓						✓					
159	Clause 5.4	4						✓							✓
Water Services Regulations 2013															
74	Regulation 60(2)	4						✓							✓
75	Regulation 63	4						✓							✓
89	Regulation 85	4						✓							✓
Water Services Code of Conduct (Customer Service Standards) 2013															
92	Clause 7	4						✓	✓						
93	Clause 8	4						✓							✓
94	Clause 9	4						✓	✓						
95	Clauses 10(2)	4						✓	✓						
96	Clauses 10(3)	4						✓	✓						
97	Clause 10(4)	4						✓	✓						
98	Clause 10(5)	4						✓	✓						
99	Clause 11	4						✓	✓						
100	Clause 5.3	4						✓	✓						
101	Clause 5.3	4						✓	✓						
102	Clause 5.3	4		✓						✓					
103	Clause 13(1)	4						✓	✓						
104	Clause 13(2)	4						✓	✓						
105	Clause 14(1)	4						✓	✓						
106	Clause 15	4						✓	✓						

Compliance Obligation Ref No. (2014 Water Compliance Reporting Manual unless noted otherwise)	Licence Reference	Audit Priority applied (rated 1 (Highest) to 5 (Lowest))	Adequacy of Controls Rating					Compliance Rating						
			A	B	C	D	NP	1	2	3	4	Na	NR	
107	Clause 16(2)	4					✓	✓						
108	Clause 16(3)	4					✓	✓						
109	Clause 16(4)	4					✓	✓						
110	Clause 16(5)	4					✓							✓
111	Clause 17(1)	4					✓							✓
112	Clause 17(2)	4					✓							✓
113	Clause 18(1)	4					✓	✓						
114	Clause 18(2)	4					✓	✓						
115	Clauses 18(3) & (6)	4					✓	✓						
116	Clause 18(4)	4					✓	✓						
117	Clause 18(5)	4					✓	✓						
118	Clause 20	4					✓	✓						
119	Clause 21(1)	4		✓							✓			
120	Clause 21(2)	4					✓	✓						
121	Clause 22	4					✓							✓
122	Clause 23(1)	4					✓							✓
123	Clause 24	4					✓							✓
124	Clause 25	4					✓							✓
125	Clauses 26(1) & (2)	4					✓	✓						
126	Clause 26(3)	4					✓	✓						
127	Clause 26(4)	4						N/A					✓	
128	Clause 26(5)	4					✓	✓						
129	Clauses 26(6)	4					✓	✓						
130	Clause 27(2)	4					✓							✓
131	Clause 27(3)	4					✓							✓
132	Clause 28(1)	4					✓							✓
133	Clauses 28(4) & (5)	4					✓	✓						
134	Clause 29	4					✓	✓						
135	Clause 5.3	4					✓							✓
136	Clause 5.3	4					✓							✓
137	Clause 5.3	4					✓							✓
138	Clause 5.3	4					✓							✓
139	Clause 33	4					✓							✓

Compliance Obligation Ref No. (2014 Water Compliance Reporting Manual unless noted otherwise)	Licence Reference	Audit Priority applied (rated 1 (Highest) to 5 (Lowest))	Adequacy of Controls Rating					Compliance Rating							
			A	B	C	D	NP	1	2	3	4	Na	NR		
142	Clauses 34(4)	4					✓								✓
144	Clauses 34(6)	4					✓								✓
145	Clause 35(1)	4					✓		✓						
146	Clause 35(2)	4					✓		✓						
147	Clause 35(3)	4					✓		✓						
148	Clause 35(4)	4		✓							✓				
149	Clause 35(6)	4						✓		✓					
150	Clause 36(1)	4						✓							✓
152	Clause 36(2)	4						✓							✓
153	Clause 37(1)	4		✓							✓				
154	Clause 5.3	4						✓		✓					
Water Services Act 2012															
Accounting Records (Clause 12)															
160	Section 12	4						✓		✓					
Individual Performance Standards (Clause 13)															
161	Section 12	5						✓		✓					
Operational Audit (Clause 14)															
9	Section 25	4						✓		✓					
162	Section 12	4						✓		✓					
Reporting a Change in Circumstance (Clause 15)															
163	Section 12	4						✓							✓
164	Section 12	4						✓							✓
Provision of Information (Clause 16)															
165	Section 12	4						✓		✓					
166	Section 12	4						✓		✓					
167	Section 12	4						✓		✓					
Publishing Information (Clause 17)															
168	Section 12	4						✓							✓

Compliance Obligation Ref No. (2014 Water Compliance Reporting Manual unless noted otherwise)	Licence Reference	Audit Priority applied (rated 1 (Highest) to 5 (Lowest))	Adequacy of Controls Rating					Compliance Rating				
			A	B	C	D	NP	1	2	3	4	Na
Notices (Clause 18)												
169	Section 12	4					✓	✓				
Asset Management System (Clause 20)												
170	Section 12	4					✓					✓
171	Section 12	5					✓					✓
172	Section 12	4					✓	✓				
6	Sections 24(1)(a) & 24(2)	4					✓	✓				
7	Section 24(1)(b)	5					✓					✓
8	Section 24(1)(c)	5					✓	✓				
Water Services Ombudsman Scheme (Clause 21)												
173	Section 12	4					✓	✓				
15	Section 66	4					✓	✓				
Standard Terms & Conditions of Service (Clause 22)												
174	Section 12	4						N/A				✓
Customer Contract (Clause 23)												
175	Section 12	5					✓					✓
176	Section 12	5					✓					✓
177	Section 12	5					✓					✓
178	Section 12	5					✓					✓
Non Standard Terms & Conditions of Service (Clause 24)												
179	Section 12	4					✓					✓
180	Section 12	4					✓					✓
Supplier of Last Resort (Clause 25)												
181	Section 12	4						N/A				✓
14	Section 60	4						N/A				✓
Duties of the licensee (Clause 26)												
12	Section 29	4		✓						✓		

Compliance Obligation Ref No. (2014 Water Compliance Reporting Manual unless noted otherwise)	Licence Reference	Audit Priority applied (rated 1 (Highest) to 5 (Lowest))	Adequacy of Controls Rating					Compliance Rating				
			A	B	C	D	NP	1	2	3	4	Na
Provision of Water Services (Clause 27)												
1	Section 21(1)(a)	5					✓	✓				
2	Section 21(1)(b)	4					✓	✓				
3	Section 21(1)(c)	4					✓	✓				
Provision of Water Services Outside Operating Area (Clause 28)												
182	Section 12	4					✓					✓
4	Section 22	4					✓					✓
Works Holding Arrangements (Clause 29)												
5	Section 23	4					✓	✓				
Hardship Policy (Clause 30)												
183	Section 12	4					✓	✓				
Memorandum of Understanding (Clause 31)												
184	Section 12	4					✓	✓				
185	Section 12	4					✓	✓				
186	Section 12	4					✓	✓				
187	Section 12	4					✓					✓
188	Section 12	4					✓					✓
189	Section 12	4					✓	✓				
Performance Standards (Schedule 3)												
190	Section 9	2	✓							✓		

4.3 Asset Management Review Effectiveness Summary

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

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

Based on our asset management system review observations and findings, we consider that the adequacy and performance of the licensee's system generally exceeds a level appropriate for the licensee, given the size, asset base and risks associated with the services that it is licenced to provide.

The gradings that we have assigned to the licensee's asset management system components are based on our judgement that the licensee has a very advanced and comprehensive asset management system in place, and achieves what would be considered 'best practice'

Table 4-5 Asset Management Review Effectiveness Summary

Asset Management System Component	Asset management process and policy definition adequacy rating	Asset management performance rating
Asset planning	A	1
<ul style="list-style-type: none"> ▪ Asset management plan covers key requirements 	A	1
<ul style="list-style-type: none"> ▪ Planning process and objectives reflect the needs of all stakeholders and is integrated with business planning 	A	1
<ul style="list-style-type: none"> ▪ Service levels are defined 	A	1
<ul style="list-style-type: none"> ▪ Non-asset options (e.g. demand management) are considered 	A	1
<ul style="list-style-type: none"> ▪ Lifecycle costs of owning and operating assets are assessed 	A	1
<ul style="list-style-type: none"> ▪ Funding options are evaluated 	A	1
<ul style="list-style-type: none"> ▪ Costs are justified and cost drivers identified 	A	1
<ul style="list-style-type: none"> ▪ Likelihood and consequences of asset failure are predicted 	A	1
<ul style="list-style-type: none"> ▪ Plans are regularly reviewed and updated 	A	1
Asset creation/acquisition	A	1
<ul style="list-style-type: none"> ▪ Full project evaluations are undertaken for new assets 	A	1
<ul style="list-style-type: none"> ▪ Evaluations include all life-cycle costs 	A	1
<ul style="list-style-type: none"> ▪ Projects reflect sound engineering and business decisions 	A	1
<ul style="list-style-type: none"> ▪ Commissioning tests are documented and completed 	A	1
<ul style="list-style-type: none"> ▪ Ongoing legal / environmental / safety obligations of the asset owner are assigned and understood 	A	1
Asset disposal	A	1
<ul style="list-style-type: none"> ▪ Under-utilised and under-performing assets are identified as part of a regular systematic review process 	A	1

Asset Management System Component	Asset management process and policy definition adequacy rating	Asset management performance rating
<ul style="list-style-type: none"> The reasons for under-utilisation or poor performance are critically examined and corrective action or disposal undertaken 	A	1
<ul style="list-style-type: none"> Disposal alternatives are evaluated 	A	1
<ul style="list-style-type: none"> There is a replacement strategy for assets 	A	1
Environmental analysis	A	1
<ul style="list-style-type: none"> Opportunities and threats in the system environment are assessed 	A	1
<ul style="list-style-type: none"> Performance standards (availability of service, capacity, continuity, emergency response, etc.) are measured and achieved 	A	1
<ul style="list-style-type: none"> Compliance with statutory and regulatory requirements 	B	2
<ul style="list-style-type: none"> Achievement of customer service levels 	A	1
Asset operations	A	1
<ul style="list-style-type: none"> Operational policies and procedures are documented and linked to service levels required 	A	1
<ul style="list-style-type: none"> Risk management is applied to prioritise operations tasks 	A	1
<ul style="list-style-type: none"> Assets are documented in an Asset Register including asset type, location, material, plans of components, an assessment of assets' physical/structural condition and accounting data 	A	1
<ul style="list-style-type: none"> Operational costs are measured and monitored 	A	1
<ul style="list-style-type: none"> Staff resources are adequate and staff receive training commensurate with their responsibilities 	A	1
Asset maintenance	A	1
<ul style="list-style-type: none"> Maintenance policies and procedures are documented and linked to service levels required 	A	1
<ul style="list-style-type: none"> Regular inspections are undertaken of asset performance and condition 	A	1
<ul style="list-style-type: none"> Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule 	A	1
<ul style="list-style-type: none"> Failures are analysed and operational / maintenance plans adjusted where necessary 	A	1
<ul style="list-style-type: none"> Risk management is applied to prioritise maintenance tasks 	A	1
<ul style="list-style-type: none"> Maintenance costs are measured and monitored 	A	1

Asset Management System Component	Asset management process and policy definition adequacy rating	Asset management performance rating
Asset management information system	A	1
<ul style="list-style-type: none"> Adequate system documentation for users and IT operators 	A	1
<ul style="list-style-type: none"> Input controls include appropriate verification and validation of data entered into the system 	A	1
<ul style="list-style-type: none"> Logical security access controls appear adequate, such as passwords 	A	1
<ul style="list-style-type: none"> Physical security access controls appear adequate 	A	1
<ul style="list-style-type: none"> Data backup procedures appear adequate and backups are tested 	A	1
<ul style="list-style-type: none"> Key computations related to licensee performance reporting are materially accurate 	A	1
<ul style="list-style-type: none"> Management reports appear adequate for the licensee to monitor licence obligations 	A	1
Risk management	A	1
<ul style="list-style-type: none"> Risk management policies and procedures exist and are being applied to minimise internal and external risks associated with the asset management system 	A	1
<ul style="list-style-type: none"> Risks are documented in a risk register and treatment plans are actioned and monitored 	A	1
<ul style="list-style-type: none"> The probability and consequence of risk failure are regularly assessed 	A	1
Contingency planning	A	1
<ul style="list-style-type: none"> Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks 	A	1
Financial planning	A	1
<ul style="list-style-type: none"> The financial plan states the financial objectives and strategies and actions to achieve the objectives 	A	1
<ul style="list-style-type: none"> The financial plan identifies the source of funds for capital expenditure and recurrent costs 	A	1
<ul style="list-style-type: none"> The financial plan provides projections of operating statements (profit and loss) and statement of financial position (balance sheets) 	A	1
<ul style="list-style-type: none"> The financial plan provide firm predictions on income for the next five years and reasonable indicative predictions beyond this period 	A	1
<ul style="list-style-type: none"> The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services 	A	1

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

5 Observations and Recommendations

5.1 Performance Audit

Table 5-1 Performance Audit Observations

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
Water Services Licensing Act 1995						
<p><i>Note: Licence obligations under the Water Service Licencing Act 1995 have now been made redundant by the introduction of the Water Services Act 2012. The redundant obligations are included in this table with a reference to the 2012 version of the Compliance Manual in the second column).</i></p>						
<p>The Licensee must comply with the service and performance standards as set out in Schedule 4. These are:</p> <p>1.1 Emergency response</p> <p>The licensee shall provide an emergency telephone advice system such that customers need make only one telephone call to report an emergency and that the customer shall be advised of the nature and timing of the action to be undertaken by the licensee.</p> <p>Target:</p> <p>90% of customers within 1 hour of reporting an emergency shall be advised of the nature and timing of the action to be undertaken by the licensee.</p>	2012/7	Clause 20.1	2	<p><u>Emergency Response</u></p> <ul style="list-style-type: none"> The licensee maintains a 24hr emergency contact service. The contact number is detailed in the Customer Service Charter, customer bills and is also available on the licensee's website. The same 1800 number is used for business hour calls, out of hours calls and emergency contacts. The licensee's customer service centre is located in Perth. Calls are logged in RTTMS (Rio Tinto Ticketing Management System) and assigned to the appropriate local crew to investigate and rectify. The licensee carries out any work up to the water meter or property boundary. A local service contractor completes any work on the water main after the meter or within the customer's property for sewer incidents. The service 	<ul style="list-style-type: none"> Interviews with license staff Rio Tinto Customer Charter – Utilities water and wastewater services, December 2011 Annual Performance Report 2014 Annual Compliance Reports 2014 RTTMS Rio Tinto - Pilbara electricity and water services - Rio Tinto as a utility provider document (RTIO-AM-0118749) Rio Tinto - Pilbara electricity and water services - Complaint and dispute resolution policy (RTIO-AM-0118755) Rio Tinto - Pilbara electricity and water services - Financial hardship and payment 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
<p>1.2 Customer complaints</p> <p>The licensee shall respond to customer complaints in accordance with the licence standard</p> <p>Target: 90% of customer complaints resolved within 15 business days.</p>				<p>contractor is changing to a different company during 2016/17.</p> <ul style="list-style-type: none"> Priorities for jobs are manually set when the RTTMS record is created, based on the information provided by the customer and the licensee's list of risks and priorities. The RTTMS is used to record the response information. Actions completed are recorded in the Resolution tab. Each service request ticket within RTTMS records the days from when it was open until it has been resolved. The system has in built reporting that shows open and closed requests to ensure that all requests are dealt with. Data related to the emergency response target was previously recorded by the Customer Service Team based on ensuring that the customer was advised of what would occur within one hour. The information was not recorded in RTTMS or the outage database that the licensee maintains. As such, the licensee did not record the time to respond to the customer in the event of an emergency response and it is not possible, for the period within the audit period that this obligation was in place, to confirm, or otherwise, that 90% of customers within 1 hour of reporting an emergency were advised of the nature and timing of the action to be undertaken by the licensee. 	<p>difficulty policy (RTIO-AM-0118449)</p> <ul style="list-style-type: none"> Rio Tinto - Pilbara electricity and water services – Standard connections for water, sewerage and electricity supply (RTIO-AM-0118754) Rio Tinto – Core Services – Guidance Note – Core Services Customer Complaints Resolution Guideline (RTIO-AM-0098613) 	
<p>2.1 Pressure and flow</p> <p>Subject to customers complying with licensee requirements, the licensee shall ensure that customers connected to its water systems shall have, at the outlet of the water meter to their property, water pressure and flow as listed.</p> <p>Target: Over each 12 month period at least 90% of connected customers has at the outlet of the water meter to their property:</p> <ul style="list-style-type: none"> a minimum static pressure of 15 metres of water a maximum static pressure of 100 metres of water a minimum flow of 20 litres per minute 						
<p>2.2 Continuity</p>						

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
<p>2.2(a) Percentage of connected properties without interrupted supply</p> <p>Target: Over each 12 month period at least 75% of connected properties shall not experience a complete interruption of supply (no flow) exceeding one hour, to the supply standard set out in Section 2.1.</p> <p>2.2(b) Number of leaks and bursts per 100km of mains</p> <p>Target: Fewer than 20 leaks or bursts per 100km of main in the preceding 12 months.</p>				<ul style="list-style-type: none"> While we cannot confirm whether this performance standard was met, we consider that a failure to demonstrate compliance is not sufficient reason to rate this as a non-compliance. As this obligation is no longer in place, there is no recommendation for the licensee to rectify the issue. 		
<p>3.1 Sewerage services</p> <p>3.1(a) The number of sewer blockages per 100km of sewer mains.</p> <p>Target: In the preceding 12 months there were fewer than 40 blockages per 100km of sewer main</p> <p>3.1(b) Percentage of connected properties experiencing a wastewater overflow.</p> <p>Target: In the preceding 12 month period 90% of customers</p>				<p><u>Customer Complaints</u></p> <ul style="list-style-type: none"> The licensee has a Complaint and Dispute Resolution Policy which outlines procedures for lodging complaints, how the complaint will be resolved, and how the complaint can be escalated, including referring complaints to independent parties. The policy is available to customers on the licensee's website The licensee's Customer Charter also sets out the complaints process. This document is also available via the licensee's website. The licensee's Financial Hardship and Payment Difficulty Policy also informs customers of the complaints handling process and also includes a section for external review, with the contact details for the Energy and Water Ombudsman provided. Complaints may be made in writing, by telephone, by email or by the web form on the licensee's website. Complaints can also be received in person at the licensee's offices although these are restricted to closed mine sites. 		

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
receive the standard for the licensee's schemes.				<ul style="list-style-type: none"> ▪ The licensee manages customer complaints in accordance with its Core Services Customer Complaints Resolution Guideline. The Guideline sets out the Purpose, Applicable Documents, Acronyms & Terms, Accessibility and Visibility, the Complaints Resolution Guide, Complaints Process Maintenance, Review and Improvement, Training and Document Management & Record Keeping. ▪ All water supply and sewerage complaints are recorded in the RTTMS (Rio Tinto Ticketing Management System). ▪ The system can report complaints based on a date range but a manual review is required to separate out the water and sewerage complaints. The raw data is exported to Excel for this process ▪ We reviewed the complaints data reported from RTTMS and confirmed that for 2013/14, the licensee received six water and sewerage customer complaints and resolved five of these within 15 business days. This reconciles with the data reported by the licensee in its annual performance report. None of the complaints were received during the period when the performance standard obligation was in place. Therefore, although the licensee achieved an 83.3% performance in 2013/14, the requirement achieve a target of 90% of customer complaints resolved 		

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<p>within 15 business days was no longer required for the year.</p> <p><u>Pressure and flow</u></p> <ul style="list-style-type: none"> ▪ The licensee has a service and performance standard related to pressure and flow in Section 2.1 of Schedule 4 of Version 6 of its operating licence. This licence was in place for the period 1 July 2013 to 18 November 2013 when it was replaced by the current version of the licence. ▪ The pressure and flow standards in place for this period of the audit period were: <ul style="list-style-type: none"> – The minimum standard for the static pressure of the potable supply is 15 metres of water – The maximum standard for the static pressure of the potable supply is 100 metres of water. – The minimum standard for the flow of the potable supply is 20 litres per minute ▪ The standards apply to each of the licensee's three potable water supply networks. ▪ The licensee informs its customer of its water pressure and flow standards in a section on the Customer Charter titled: "Water Pressure and Flow". ▪ The licensee has bulk flow meters within each of its towns and also conducts pressure and flow tests 		

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<p>annually in each of its water supply systems, using a selection of properties within each town. The properties used in the annual tests rotates from year-to-year and the licensee selects some properties at the end of the lines as part of the selection.</p> <ul style="list-style-type: none"> ▪ The percentages of connected properties supplied at a pressure and flow that meets the standards set out in the licence (12 month data) were as follows: <ul style="list-style-type: none"> – 2013/14: 100% ▪ The test period includes the time after 18 November 2013 until 30 June 2014 when this obligation was no longer in place. ▪ The licensee provided the test sheets for the pressure and flow tests and we confirmed that it has achieved a 100% performance against the standards included in the operating licence for 2013/14 which included part of the year when this obligation was in place under the previous operating licence. The results showed the flow and pressure to be well within the required targets. 		
				<p><u>Continuity</u></p>		
				<ul style="list-style-type: none"> ▪ We reviewed the licensee's performance report for 2013/14 and observed that the licensee reported 4 water main breaks for the year. Based on a total water mains length of 106.0km, this equated to 3.8 		

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<p>water main breaks per 100km of main. This is within the performance target. We reviewed the full details of the water supply interruptions recorded for the year and confirmed that the water leaks and bursts included in the 2013/14 performance report was correctly reported.</p> <ul style="list-style-type: none"> ▪ We note that for the period that this performance standard was in place, until the 18 November 2013 when the requirements of the Water Services Act 2012 were enacted in Version 7 of the licensee's operating licence, the licensee reported two water main bursts. The remaining two water main breaks for the year occurred after 18 November 2013. ▪ We reviewed the licensee's water main break and interruptions data and observed that for the full 2013/14 year it recorded 32 interruptions to supply. Of this total, four were unplanned events and the remaining 28 interruptions were due to planned works. ▪ A total of 771 customers were affected by the 32 interruptions to supply, and 725 of these experienced an interruption greater than one hour. ▪ Therefore, for the entire 2013/14 report year, based on a total of 2,402 customers, 69.8% of customers did not experience a water supply interruption greater than one hour. 		

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<ul style="list-style-type: none"> ▪ Based on this full year performance figure, the licensee did not meet the target of at least 75% of connected properties not experiencing a complete interruption of supply (no flow) exceeding one hour. ▪ However, we note that the performance obligation did not apply for the full 2013/14. For the period 1 July 2013 to 18 November 2013 when the obligation was in place, a total of 520 customers were affected by water supply interruptions exceeding one hour. This equates to 78.4% of connected properties not experiencing a complete interruption of supply (no flow) exceeding one hour. This means that the licensee achieved the performance target for the period that the target was in place during 2013/14. 		
				<p><u>Sewerage services</u></p>		
				<ul style="list-style-type: none"> ▪ We reviewed the licensee's performance reports for 2013/14 and observed that the licensee reported 8 sewer breaks and chokes for the year. Based on a sewer mains length of 85.0km, this equated to 9.4 sewer breaks and chokes per 100km of sewer main. As a result, the licensee achieved the target of fewer than 40 blockages per 100km of sewer main for the year. We reviewed the summary report of the individual incidents and confirmed that the licensee had correctly reported the 		

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				number of sewer breaks and chokes for the year. <ul style="list-style-type: none"> ▪ We note that for the period that this obligation was in place, up to 18 November 2013, the licensee recorded four sewer blockages, with the remaining four blockages taking place after 18 November 2013. ▪ We confirmed that the licensee did not experience any sewer overflows during 2013/14. As a result it met the performance standard target for overflows included in Version 6 of its operating licence for the year and the period within the year when the obligation was in place. 		
Other Licence Conditions						
The licensee must establish a customer complaints process as set out in Schedule 3.	2012/9	Clause 6.1	4	<ul style="list-style-type: none"> ▪ Refer to Customer Complaints section included in the previous obligation (2012/7) 	<ul style="list-style-type: none"> ▪ Interviews with license staff ▪ Rio Tinto Customer Charter – Utilities water and wastewater services, December 2011 ▪ Annual Performance Reports (2013, 2014) ▪ RTTMS ▪ Rio Tinto - Pilbara electricity and water services - Rio Tinto as a utility provider document (RTIO-AM-0118749) ▪ Rio Tinto - Pilbara electricity and water services - Complaint and dispute resolution policy (RTIO-AM-0118755) 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
					<ul style="list-style-type: none"> ▪ Rio Tinto - Pilbara electricity and water services - Financial hardship and payment difficulty policy (RTIO-AM-0118449) ▪ Rio Tinto – Core Services – Guidance Note – Core Services Customer Complaints Resolution Guideline (RTIO-AM-0098613) 	
The licensee must resolve customer complaints within 15 business days of the receipt of complaint.	2012/10	Schedule 3 Clause 3.1	4	<ul style="list-style-type: none"> ▪ No complaints were received by the licensee within the audit period between 1 July and 13 November 2013 when this obligation was applicable. Therefore, this obligation cannot be rated. ▪ We note that for the entire 2013/14 period, the licensee received six water and sewer customer complaints and resolved five of these within 15 business days. This equates to an 83.3% performance against the target. 	<ul style="list-style-type: none"> ▪ Interviews with license staff ▪ Rio Tinto Customer Charter – Utilities water and wastewater services, December 2011 ▪ Annual Performance Reports (2013, 2014) ▪ RTTMS ▪ Rio Tinto - Pilbara electricity and water services - Rio Tinto as a utility provider document (RTIO-AM-0118749) ▪ Rio Tinto - Pilbara electricity and water services - Complaint and dispute resolution policy (RTIO-AM-0118755) ▪ Rio Tinto - Pilbara electricity and water services - Financial hardship and payment difficulty policy (RTIO-AM-0118449) 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
					<ul style="list-style-type: none"> Rio Tinto – Core Services – Guidance Note – Core Services Customer Complaints Resolution Guideline (RTIO-AM-0098613) 	
The licensee must provide appropriately trained staff to respond to complaints.	2012/12	Schedule 3 Clause 3.2 (b)	5	<ul style="list-style-type: none"> There are three members of staff in the Customer Service team. They work normal business hours between 8am and 3:30pm. The licensee generally does not carry out any formal complaint management training for its customer service staff and this is completed through on-the-job training. All customer service staff familiarise themselves with the relevant policies and internal procedures during their work. They also attend mandatory training on financial hardship, and data/system training for using RTTMS. There is a training manual for RTTMS to assist in this. The Core Services Customer Complaints Resolution Guideline is the primary document related to the management of customer complaints. This is readily available to all staff. 	<ul style="list-style-type: none"> Interviews with license staff Rio Tinto - Pilbara electricity and water services - Complaint and dispute resolution policy (RTIO-AM-0118755) Rio Tinto - Pilbara electricity and water services - Financial hardship and payment difficulty policy (RTIO-AM-0118449) Rio Tinto – Core Services – Guidance Note – Core Services Customer Complaints Resolution Guideline (RTIO-AM-0098613) 	1
The licensee must provide an appropriate system to monitor and record the number, nature of and outcomes to complaints.	2012/14	Schedule 3 Clause 3.2 (d)	3	<ul style="list-style-type: none"> As noted previously, the licensee uses the RTTMS (Rio Tinto Ticketing Management System) to monitor and record the number, nature of and outcomes to customer complaints. 	<ul style="list-style-type: none"> Interviews with license staff RTTMS Rio Tinto - Pilbara electricity and water services - Complaint and 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
					dispute resolution policy (RTIO-AM-0118755) <ul style="list-style-type: none"> ▪ Rio Tinto - Pilbara electricity and water services - Financial hardship and payment difficulty policy (RTIO-AM-0118449) ▪ Rio Tinto – Core Services – Guidance Note – Core Services Customer Complaints Resolution Guideline (RTIO-AM-0098613) 	
The licensee must inform the customer of the option to refer a disputed complaint to the Department of Water.	2012/15	Schedule 3 Clause 3.4	4	<ul style="list-style-type: none"> ▪ We note that the licensee's Customer Charter informs customers that a disputed complaint may be referred to the Department of Water. ▪ The licensee has retained its customer charter and makes it readily available to its customers via its website. The current version of the Customer Charter is dated December 2011. ▪ As it has not been updated since the introduction of the Water Services Act 2012, the option to refer the disputed complaint to the Department of Water is still communicated to customers. We recommend that the licensee updates the Charter to remove the references to the Department of Water and replace them with the appropriate information for referring complaints to the Energy and Water Ombudsman. 	<ul style="list-style-type: none"> ▪ Interviews with licensee staff ▪ Rio Tinto Customer Charter – Utilities water and wastewater services, December 2011 ▪ Review of complaints recorded in RTTMS 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<ul style="list-style-type: none"> We confirmed that no complaints relating to the water service were referred to the Department of Water in the period within the audit period that this obligation was in place. 		
The licensee must co-operate with the Department of Water's request for information concerning a disputed complaint.	2012/17	Schedule 3 Clause 3.6	4	<ul style="list-style-type: none"> No disputed complaints were referred to the Department of Water during the part of the audit period when this obligation was required. Therefore, this obligation is not able to be rated. 	<ul style="list-style-type: none"> Interviews with licensee staff Rio Tinto Customer Charter – Utilities water and wastewater services, December 2011 Review of complaints recorded in RTTMS 	NR
The licensee must, on request, provide complaints details to the Department of Water.	2012/18	Schedule 3 Clause 3.7	4	<ul style="list-style-type: none"> No disputed complaints were referred to the Department of Water during the part of the audit period when this obligation was required. Therefore, this obligation is not able to be rated. 	<ul style="list-style-type: none"> Interviews with licensee staff Rio Tinto Customer Charter – Utilities water and wastewater services, December 2011 Review of complaints recorded in RTTMS 	NR
The licensee must establish a Customer Service Charter as set out in Schedule 3.	2012/19	Clause 7.1	4	<ul style="list-style-type: none"> A Customer Charter was previously prepared in accordance with the ERA's guidelines. The current version of the Customer Charter was revised in December 2011. This version of the Charter was in place at the time of the last audit. It was submitted to the ERA for approval on 31 October 2011 and approved by the Authority in a letter dated 11 November 2011. 	<ul style="list-style-type: none"> Rio Tinto Customer Charter – Utilities water and wastewater services, December 2011 	1
The licensee must make the Customer Service Charter available to its customers in	2012/20	Schedule 3 Clause 2.5	4	<ul style="list-style-type: none"> The previous audit report noted that copies of the Customer Charter were available at the mine sites of Dampier, Paraburdoo and Tom 	<ul style="list-style-type: none"> Interviews with licensee staff 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
the three ways detailed in their licence.				Price. The licensee stated the majority of its customers are mine employees who have access to the mine sites. However, as public accesses to these mine sites is restricted, the previous audit report concluded that, as such, the Customer Charter was not readily accessible to all customers. A recommendation was included in the previous audit report to 'prominently display the Customer Charter in those parts of its offices to which customers regularly have access.'	<ul style="list-style-type: none"> ▪ Access to Rio Tinto website ▪ Inspection of Rio Tinto offices ▪ Rio Tinto Customer Charter – Utilities water and wastewater services, December 2011 ▪ Correspondence with ERA ▪ Rio Tinto - Pilbara electricity and water services - Complaint and dispute resolution policy (RTIO-AM-0118755) ▪ Rio Tinto - Pilbara electricity and water services - Financial hardship and payment difficulty policy (RTIO-AM-0118449) ▪ Rio Tinto – Core Services – Guidance Note – Core Services Customer Complaints Resolution Guideline (RTIO-AM-0098613) 	
(a) By prominently displaying it in those parts of the licensee's offices to which customers regularly have access				<ul style="list-style-type: none"> ▪ Although the licensee has chosen to retain a Customer Charter, this obligation is no longer required under the <i>Water Services Act 2012</i>. We cannot conclude that the licensee did not meet this obligation for the required duration in the current audit period. 		
(b) By providing a copy, upon request, and at no charge, to the customer; and				<ul style="list-style-type: none"> ▪ We note that the Customer Charter was displayed in the licensee's Paraburdoo office at the time of the current audit, although this is located within the mine facility. 		
(c) By sending a current copy, or a summary document approved by the Authority, to all customers at least once in every three year period or as agreed with the Authority.				<ul style="list-style-type: none"> ▪ The December 2011 version of the Customer Charter is still available to be accessed from the licensee's website. The licensee has also said that copies of the Customer Charter are provided upon request, and at no charge, to customers. ▪ Additionally the Customer Charter is included in the starter packs provided to new customers. 		

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<ul style="list-style-type: none"> The licensee noted that it has also been supplied in a billing run, although the date for this could not be confirmed Therefore, although the licensee could not confirm that it issued the Customer Service Charter to all customers at least once in every three year period, it does not appear to have breached the obligation as the obligation became redundant within the three year term. 		
The licensee must review its Customer Service Charter at least once in every three year period.	2012/21	Schedule 3 Clause 2.6	5	<ul style="list-style-type: none"> The current version of the Customer Charter was revised in December 2011. This version of the Charter was in place at the time of the last audit. It was submitted to the ERA for approval on 31 October 2011 and approved by the Authority in a letter dated 11 November 2011. Although the next review would have been required by October 2014, this obligation has been made redundant with the introduction of the <i>Water Services Act 2012</i>. As a result, this obligation has not been rated. 	<ul style="list-style-type: none"> Interviews with licensee staff Rio Tinto Customer Charter – Utilities water and wastewater services, December 2011 Correspondence with ERA 	NR
The licensee must provide its services consistent with its Customer Service Charter.	2012/22	Schedule 3 Clause 2.7	4	<ul style="list-style-type: none"> The December 2011 revision of the Customer Charter reflected the relevant conditions outlined in the licence at that time. During the period July 2013 to November 2013, when the changes in legislation made the requirements related to the Customer Charter redundant, the licensee operated with the intention to provide services 	<ul style="list-style-type: none"> Interviews with licensee staff Rio Tinto Customer Charter – Utilities water and wastewater services, December 2011 Rio Tinto – Pilbara Utilities - Water Services Guidance Note (RTIO-AM-0125857) Correspondence with ERA 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				as outlined in the licence and in the Customer Charter. <ul style="list-style-type: none"> During the period within the current audit timeframe when the licensee was required to implement a Customer Charter, processes were in place to guide the operation of the licensee's water supply and wastewater services to meet the requirements outlined in the Customer Charter and licence. This included reviews of the Charter and making it available to customers. We observed no instances where the licensee provided its services inconsistent with the Customer Charter. 		
The licensee must establish customer consultation processes as set out in Schedule 3.	2012/23	Clause 8	4	<ul style="list-style-type: none"> The licensee did not establish a Customer Council during the time that this obligation was applicable. The licensee has conducted ad hoc customer surveys but with limited response. It also conducts regular customer service sessions where customers can meet with a customer service representative to discuss any issues or request more information. These informal meetings continue to take place, although this obligation is now obsolete, with the last one taking place the week before the audit. In addition, the licensee attends annual town meetings in order to take any questions from customers. The licensee previously published a quarterly newsletter entitled: "Water Wisdom". The purpose of the 	<ul style="list-style-type: none"> Interviews with licensee staff Rio Tinto Customer Charter – Utilities water and wastewater services, December 2011 Correspondence with ERA 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<p>newsletter, was to inform customers about current water related projects, drinking water quality and to promote water conservation. The newsletter also aimed to assist the licensee in meeting the requirements of the Water Operating Licence. The newsletters were provided to customers with their invoices for water services.</p> <ul style="list-style-type: none"> ▪ The licensee also prepared a separate 'What Not to Flush' newsletter to inform customers of items not to flush into the sewer. ▪ We note that the licensee's Customer Charter, dated December 2011, informs customers that "Rio Tinto provides customer information and consultation by two methods: by conducting annual surveys and by the publication of magazines and newsletters. We will publish and make available at our premises information on matters relating to our water and waste water supply services and on other aspects such as complaints handling. Rio Tinto company representatives will provide their name and section in business discussions with customers." We recommend that the licensee reviews this information at the next review of its Customer Charter in order to decide whether the text is still relevant or needs to be revised or removed. ▪ Based on our findings at the audit, we consider that the licensee did previously meet the requirements of 		

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				Clause 4.1(b) of Schedule 3 of the Licence (Version OL6).		
The licensee may either establish a Customer Council or institute at least 2 of the following: establish a regular meeting; publish a newsletter or run other public forums, concerning the licensed activities.	2012/24	Schedule 3 Clause 4.1	4	<ul style="list-style-type: none"> As noted above, we consider that the licensee met the requirements of Schedule 3, Clause 4.1 as it had previously established two of the three customer consultation processes. 	<ul style="list-style-type: none"> Interviews with licensee staff Rio Tinto Customer Charter – Utilities water and wastewater services, December 2011 Access to Rio Tinto website 	1
The licensee must consult the Authority on the type and extent of consultation to be adopted by the licensee.	2012/25	Schedule 3 Clause 4.2	4	<ul style="list-style-type: none"> There has been no change to the type and extent of the customer consultation that has been adopted by the licensee. 	<ul style="list-style-type: none"> Interviews with licensee staff Rio Tinto Customer Charter – Utilities water and wastewater services, December 2011 Correspondence with ERA 	1
The licensee must, if at the request of the Authority, establish other forums for consultations, to enable community involvement in issues relevant to licence obligations.	2012/26	Schedule 3 Clause 4.3	4	<ul style="list-style-type: none"> The licensee was not requested by the Authority to establish other forums or consultations. Therefore, this obligation cannot be rated. 	<ul style="list-style-type: none"> Interviews with licensee staff Correspondence with ERA 	NR
The licensee must conduct a customer survey if directed to by the Authority.	2012/32	Schedule 3 Clause 6	4	<ul style="list-style-type: none"> The licensee advised that it has not been directed by the Authority to undertake a customer survey in the audit period. Therefore, this obligation cannot be rated. 	<ul style="list-style-type: none"> Interviews with licensee staff Correspondence with ERA 	NR
The licensee and DoH must review and renew the MoU every 3 years.	2012/34	Clause 9.2(c)	4	<ul style="list-style-type: none"> A "Memorandum of Understanding between the Department of Health and Hamersley Iron Pty Ltd for Drinking Water" (MoU) was entered into on 20 January 2012. This 	<ul style="list-style-type: none"> Interviews with licensee staff Correspondence with DoH Memorandum of Understanding between the Department of Health 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<p>version is still the current version of the MoU.</p> <ul style="list-style-type: none"> The MoU was first extended on 10 December 2014 to 20 July 2015. This information was included in the letter from the Department of Health (DoH) dated 13 March 2015 that further extended the MoU from 20 July 2015 to 31 December 2015. The MoU was again extended from 31 December 2015 to 31 December 2016 in a letter from the DoH dated 24 December 2015. As the MoU has been extended three times by the DoH and no review or renewal of the document has yet taken place, this obligation has been assigned a rating of Not Rated. 	and Hamersley Iron Pty Ltd for Drinking Water, 20 January 2012	
The licensee must provide the Authority with a complete copy of the MoU within one month of entering into the MoU.	2012/35	Clause 9.2(d)	4	<ul style="list-style-type: none"> Refer to 2012/34. As the MoU has not been renewed and the previous version is still in place, there has been no need for the licensee to provide the Authority with a complete copy of the MoU within one month of entering into the MoU. As a result of this, this obligation has not been rated. 	<ul style="list-style-type: none"> Interviews with licensee staff Correspondence with DoH Memorandum of Understanding between the Department of Health and Hamersley Iron Pty Ltd for Drinking Water, 20 January 2012 	NR
The licensee must provide the Authority with any amendments to the MoU within one month of entering into any amendments to the MoU.	2012/36	Clause 9.2(e)	4	<ul style="list-style-type: none"> Refer to 2012/34. As the MoU has not been amended and the previous version is still in place, there has been no need for the licensee to provide the Authority with a complete copy of the MoU 	<ul style="list-style-type: none"> Interviews with licensee staff Correspondence with DoH Memorandum of Understanding between the Department of Health and Hamersley Iron Pty Ltd 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				within one month of entering into the MoU. ■ As a result of this, this obligation has not been rated.	for Drinking Water, 20 January 2012	
The licensee must set out in writing its conditions for connection and make it available to people enquiring or applying for connection.	-	Schedule 6 Clause 2.1	4	■ Information related to conditions for connection are currently included in the Standard Connections for Water, Sewerage and Electricity Supply document. This document is able to be downloaded from the licensee's website. However, this document has only been in place since 2014, after this obligation was made obsolete with the introduction of the <i>Water Services Act 2012</i> . ■ For the period between 1 July 2013 and 18 November 2013 that the previous operating licence was in place and this obligation was required, the licensee's conditions for connection were set out in the 'Conditions of Connection' section on the Customer Charter. As noted previously, the licensee has retained a Customer Charter, with the December 2011 version still being the current version of the Charter. ■ Additional conditions of connection information is also provided on the licensee's website, with application forms, that also include the conditions of connection, being able to be viewed and downloaded. The licensee's website has been re-modelled since this obligation was made obsolete with the introduction of the <i>Water Services Act 2012</i> .	■ Interviews with licensee staff ■ Rio Tinto - Pilbara electricity and water services – Standard connections for water, sewerage and electricity supply (RTIO-AM-0118754) ■ Rio Tinto - Pilbara electricity and water services – Tariff and charges policy (RTIO-AM-0118636) ■ Rio Tinto Customer Charter – Utilities water and wastewater services, December 2011 ■ Access to Rio Tinto website	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
The licensee must ensure that its services are available for connection on any land in the Operating Area subject to compliance with the licensee's conditions.	-	Schedule 6 Clause 2.2	4	<ul style="list-style-type: none"> As noted above, the licensee's Customer Charter sets out the conditions for connection. The application form is also able to be viewed and downloaded from the licensee's website The licensee's services are available for connection on any land in the Operating Area subject to compliance with its conditions. 	<ul style="list-style-type: none"> Interviews with licensee staff Rio Tinto Customer Charter – Utilities water and wastewater services, December 2011 Access to Rio Tinto website Review of drawings of Hamersley Iron's licenced operating areas 	1
The licensee may with the written agreement of the property owner discontinue a service where it is not commercially viable.	-	Schedule 6 Clause 2.3	4	<ul style="list-style-type: none"> There have been no instances of the water service being discontinued due to it being not commercially viable. Therefore, this obligation cannot be rated. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR
Water Services Act 2012						
Fees (Clause 4)						
The licensee must pay the applicable fees in accordance with the Regulations.	155	Clause 4	5	<ul style="list-style-type: none"> Quarterly standing charges have been paid to the ERA in connection with the performance of the water licencing functions of the ERA. The licensee has also paid fees to the Energy and Water Ombudsman three times each year. These were confirmed from the receipts received by the licensee. However, the licensee has not been required to pay any applicable fees (as per Schedule 4 of the <i>Water Service Regulations 2013</i>) during the audit period. Therefore, this obligation cannot be rated. 	<ul style="list-style-type: none"> Interviews with licensee staff Correspondence with the ERA Correspondence with Energy and Water Ombudsman 	NR
Compliance (Clause 5)						

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
Subject to any modifications or exemptions granted pursuant to the Act, the licensee must comply with any applicable legislation.	156	Clause 5.1	4	<ul style="list-style-type: none"> ▪ The licensee lists legislation and regulations applicable to the operation of their organisation and provision of the services in Section 1.3 of the Introduction section in the licensee's Asset Management Improvement Plan. The licensee also maintains the LAORS (Legal and Other Requirements System), which records and keeps track of all legal obligations associated with operating and maintaining the assets, including the reporting requirements. ▪ We have identified a number of non-compliances with applicable legislation as follows: <ul style="list-style-type: none"> – Section 27 – Compliance with Code of Conduct (Obligation 11) ▪ Section 29 – Duties of the Licensee (Obligation 12) 	<ul style="list-style-type: none"> ▪ Interviews with licensee staff ▪ Annual compliance reports 2013/14, 2014/15 ▪ This audit report 	2
The licensee must comply with any code of practice made by the Minister to the extent it applies to the licensee.	157	Clause 5.2	4	<ul style="list-style-type: none"> ▪ Refer to observations detailed in Compliance Manual Reference 10. 	<ul style="list-style-type: none"> ▪ Interviews with licensee staff 	NA
The licensee must comply with any code of conduct made by the Authority to the extent it applies to the licensee and is not inconsistent with the terms and conditions of the licence.	158	Clause 5.3	4	<ul style="list-style-type: none"> ▪ Refer to observations detailed in Compliance Manual Reference 11. 	<ul style="list-style-type: none"> ▪ Interviews with licensee staff 	2
The licensee must comply with a direction from the Authority in relation to a breach of applicable legislation.	159	Clause 5.4	4	<ul style="list-style-type: none"> ▪ The licensee has not had any directions from the Authority in relation to a breach of applicable legislation and therefore this obligation is not applicable. 	<ul style="list-style-type: none"> ▪ Interviews with licensee staff 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
Requirements for Licences The licensee must comply with each code of practice made by the Minister to the extent to which it applies to the licensee.	10	Clause 5.2	4	<ul style="list-style-type: none"> ▪ No code(s) of practice have been made by the Minister that apply to the licensee. Therefore, this obligation is not applicable. 	<ul style="list-style-type: none"> ▪ Interviews with licensee staff ▪ Correspondence with ERA 	NA
Requirements for Licences The licensee must comply with the code of conduct that may be made by the Authority to the extent to which it applies to the licensee and is not inconsistent with the licence.	11	Clause 5.3	4	<ul style="list-style-type: none"> ▪ Obligations 92 – 153 in this table relate to specific requirements of the licensee relating to the Code of Conduct. ▪ We have found through this audit that the licensee has not complied with all requirements of the Code of Conduct, specifically: <ul style="list-style-type: none"> – Clause 12(3) – Information on Bills (Obligation 102) – Clause 21(1) – Payment methods (Obligation 119) – Clause 35(4) - Complaints procedure (Obligation 148) – Clause 37(1) – Information to be publicly available (Obligation 153) 	<ul style="list-style-type: none"> ▪ Interviews with licensee staff ▪ Annual Compliance Reports 2013/14, 2014/15 ▪ Rio Tinto Customer Charter – Utilities water and wastewater services, December 2011 ▪ Rio Tinto - Pilbara electricity and water services – Standard connections for water, sewerage and electricity supply (RTIO-AM-0118754) ▪ Rio Tinto - Pilbara electricity and water services - Financial hardship and payment difficulty policy (RTIO-AM-0118449) ▪ Rio Tinto – Water and wastewater connection application form (RTIO-AM-0099957) ▪ This audit report ▪ Rio Tinto – Core Services – Guidance Note – Core Services Customer Complaints Resolution 	2

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
					Guideline (RTIO-AM-0098613) <ul style="list-style-type: none"> Rio Tinto - Pilbara electricity and water services - Complaint and dispute resolution policy (RTIO-AM-0118755) 	
Provision of a water service ceasing — duty to leave system in safe condition If the licensee ceases to provide a water service in an area, the licensee must ensure that the water service works are left in a safe condition, and must not remove any part of the works except with the approval of the Minister.	13	Section 36	4	<ul style="list-style-type: none"> The licensee advised that it has not ceased to provide a water service during the audit period. Therefore, this obligation is not able to be rated. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR
Interruption of water services The licensee must take reasonable steps to minimise the extent or duration of any interruption of water services it is responsible for.	16	Section 77(3)	4	<ul style="list-style-type: none"> The licensee has in place appropriate asset management practices to minimise the extent or duration of any interruption of its water supply and sewerage services. We discuss asset management practices further in the second section of this report. Water supply interruptions are caused by unplanned and planned events. During 2013/14, the licensee recorded 4 water main breaks and 183 customer-interruptions. The average duration of an unplanned interruption during the year was 250 minutes. It also recorded 32 planned interruptions affecting 588 customers, and, of these, 542 	<ul style="list-style-type: none"> Interviews with licensee staff Review of asset management system Annual Compliance Reports 2013/14, 2014/15 Standard Work Procedure for Sewer Overflows Standard Work Procedure for Restoring Water Supply 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<p>customers experiencing an interruption greater than one hour.</p> <ul style="list-style-type: none"> ▪ During 2014/15, the licensee recorded 7 water main breaks and 185 unplanned customer-interruptions. The average duration of an unplanned interruption was 123 minutes. There were also 29 planned interruptions during 2014/15, affecting 708 customers. All 708 customers experienced an interruption greater than one hour. ▪ In 2015/16, the licensee has not experienced any unplanned water main breaks and all interruptions have been caused by planned works. The licensee completed 15 planned interruptions during 2015/16. A total of 277 customers were affected by a planned water supply interruption and in each case the interruption was greater than one hour. The average time for the planned interruptions experienced by customers during the year was 352 minutes. ▪ The licensee recorded 8 sewer breaks and chokes during 2013/14, 3 sewer breaks during 2014/15 and 5 during 2015/16. Of these, only one incident in 2015/16 resulted in a customer being affected by an overflow. ▪ The licensee looks to complete repair work under pressure where possible in order to minimise the interruptions to water supply experienced by its customers. 		

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<ul style="list-style-type: none"> ▪ If outages are expected to be experienced through planned works, the licensee looks to provide an alternate feed where possible to minimise the impact. ▪ Sewer interruptions are predominantly due to chokes and blockages in the sewerage network. These are reported to the Customer Service team through customer contact or are identified internally through inspection of the assets. ▪ Interruptions may also be caused by repair works on the network. The licensee consults customers before works are undertaken. ▪ Water pipe breaks and bursts that occur after the water meter are the customer's responsibility. Similarly, the household connections, and any blockages or breaks that occur in them, are the customer's responsibility. Generally these are dealt with by Rio Tinto's property service management contractor as the majority of properties in the towns serviced by the licensee are owned by Rio Tinto. ▪ The licensee has standard work procedures for restoring the supply to service and for sewer overflows. ▪ After hours events are forwarded to the on call supervisor in each town to attend and assess. Depending on the severity of the incident and the risks assessed, rectification may be left until the morning. The licensee has small crews in each of its 		

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				serviced towns and can call in external contractors if required. Electrical staff from within Rio Tinto can also be called in for electrical work if required.		
<p>Notification of and requirements as to building work</p> <p>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.</p>	17	Sections 82(4) & (5)	4	<ul style="list-style-type: none"> The licensee provides information to customers related to development and building work in its Development and planning policy (RTIO-AM-0118746) and Keeping your distance – a guide for undertaking works near our water infrastructure (RTIO-AM-0135249). The policy provides customers with an overview of building and renovation approvals, unapproved works, modifying, extending/upgrading or abolishing water services, subdivisions and amalgamations. These documents are able to be viewed and downloaded from the licensee’s website. The licensee manages development and building work through the Core Services Land Development Guidance Note (RTIO-AM-0121019). The Guidance Note provides information on the regulatory frameworks associated with development work, the development processes, the licensee’s management systems for managing development work, local planning schemes, protection of the licensee’s infrastructure, appeals against decisions, records management and works required or initiated by the licensee. The 	<ul style="list-style-type: none"> Interviews with licensee staff Rio Tinto – Core Services – Core Services Land Development Guidance Note (RTIO-AM-0121019) Rio Tinto Utilities Land Development Evidence Register Rio Tinto – Pilbara electricity and water services – Development and planning policy (RTIO-AM-0118746) Rio Tinto – Pilbara electricity and water services – Keeping your distance – a guide for undertaking works near our water infrastructure (RTIO-AM-0135249) Standard Work Procedure – Core Services – Working at premises and in roads (RTIO-HSE-0162350) Standard Work Procedure – Core Services – Major and general works (RTIO-HSE-0283463) 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<p>licensee's staff are able to access the Guidance Note through the licensee's document management system.</p> <ul style="list-style-type: none"> The procedure included in the Guidance Note specifies that 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, within 7 days of receiving the fee for dealing with the notification. The licensee has not received any notification of building work during the current audit period. The last subdivision of land within the licensee's operating areas took place in 2012, outside the audit period. As a result, this obligation has not been rated. 		
<p>Ensuring water service works are done</p> <p>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.</p>	18	Section 84(2)	4	<ul style="list-style-type: none"> The licensee has not had need to provide a notice of this kind during the audit period. Therefore, this obligation is unable to be rated. 	<ul style="list-style-type: none"> Interviews with licensee staff Rio Tinto – Core Services – Compliance Officers (Water) Notices Issued Register (RTIO-AM-0168892) 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
<p>Review of certain decisions under or relating to Development and building control, and infrastructure contributions</p> <p>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 licensee cannot provide the works until the application has been finally dealt with, except in limited circumstances.</p>	19	Section 87(2)	4	<ul style="list-style-type: none"> The licensee advised that no applications have been made to the State Administrative Tribunal for review of a decision during the audit period. The licensee maintains a separate Legal Claims, Court, WA Planning Commission, and State Administrative Tribunal Proceedings Register. We reviewed the register and confirmed that no applications have been made to the State Administrative Tribunal for review of a decision during the audit period. Therefore, this obligation is unable to be rated. 	<ul style="list-style-type: none"> Interviews with licensee staff Register of Correspondence Iron Ore (WA) Utilities Legal Claims, Court, WA Planning Commission, and State Administrative Tribunal Proceedings Register (RTIO-LE-0000842) 	NR
<p>Construction etc. over or in vicinity of water service works of licensee</p> <p>If the licensee gives a compliance notice to a person who is undertaking construction or carrying out similar works in the vicinity of water service works, the licensee must, to the extent practicable, consult with the owner of the land on which the obstruction is located or the activity is taking place if the person to be given the notice is not the owner of the land.</p>	20	Section 90(7)	5	<ul style="list-style-type: none"> The licensee has not issued any compliance notices under the Act during the audit period. This was confirmed through a review of the Notices Issued Register. Therefore, this obligation cannot be rated. 	<ul style="list-style-type: none"> Interviews with licensee staff Register of Correspondence Iron Ore (WA) Utilities Legal Claims, Court, WA Planning Commission, and State Administrative Tribunal Proceedings Register (RTIO-LE-0000842) Rio Tinto – Core Services – Compliance Officers (Water) Notices Issued Register (RTIO-AM-0168892) 	NR
<p>Disconnection or reduction in rate of flow etc.</p> <p>The licensee cannot cut off the supply of water to an occupied</p>	21	Section 95(3)	2	<ul style="list-style-type: none"> The licensee has not cut off the supply of water to an occupied dwelling during the audit period. 	<ul style="list-style-type: none"> Interviews with licensee staff Rio Tinto – Pilbara Electricity and Water 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
dwelling unless the occupier agrees to that.				Therefore, this obligation has not been rated. <ul style="list-style-type: none"> Customers are informed of this requirement in the Standard Connections for Water, Sewerage and Electricity Supply document. This is readily available from the licensee's website. 	Services - Standard Connections for Water, Sewerage and Electricity Supply (RTIO-AM-0118754)	
Fire hydrants If the licensee provides water supply reticulation works, or enters into an agreement for the provision of water supply reticulation works, the licensee must install fire hydrants attached to those works in accordance with the requirements of FESA, or the relevant local government as to the location and type of hydrant.	22	Section 96(1)	4	<ul style="list-style-type: none"> The Second Schedule of the <i>Fire Brigades Act 1942</i>, which lists the established fire districts (currently as at 25 July 2016) does not specify Tom Price, Paraburdoo or Dampier as being fire districts. The only established fire district within the Shire of Ashburton is the Onslow Fire District. As such, fire hydrants do not fall under the local government's responsibility. The location and type of fire hydrants installed and maintained by Hamersley Iron is in accordance with review with the local volunteer fire brigades in Tom Price and Paraburdoo, who are the nominated fire combat authorities under the Local Emergency Management Committee (LEMC). In Paraburdoo and Tom Price, the Rio Tinto Emergency Management Team act as the fire brigade. No requests have been made from the licensee's own team with regard to fire hydrants. The hydrants comply with AS2419.1 (Fire Hydrant Installations). 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<ul style="list-style-type: none"> The Department of Fire & Emergency Services (DFES) manages the fire brigade in Dampier. No requests have been received during the audit period related to fire hydrants. As Hamersley Iron has not been requested to install, remove, repair or maintain a fire hydrant during the audit period, this obligation has not been rated. 		
Fire hydrants The licensee must comply with requests made under sections 96(3) and 96(4) of the Act to the extent practicable and within a reasonable time.	23	Section 96(5)	5	<ul style="list-style-type: none"> Refer to obligation 22. The licensee has not received any requests to install, remove, repair or maintain a fire hydrant in its operating areas during the audit period. Therefore, this obligation has not been rated 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR
Minister may require connection to sewerage works If required to by the Minister, the licensee must connect a wastewater inlet on land to the sewerage works of the licensee.	24	Section 98(3)	4	<ul style="list-style-type: none"> The licensee advises that it did not receive any requests from the Minister to connect a wastewater inlet to the licensee's network in the period being audited. Therefore, this obligation is not able to be rated. 	<ul style="list-style-type: none"> Interviews with licensee staff Correspondence Register 	NR
Tradewaste Compliance Notice The licensee must include the information specified in a compliance notice given in relation to failure to maintain fittings, fixtures and pipes.	25	Section 106(2)	4	<ul style="list-style-type: none"> The licensee regulates trade waste discharges to its three sewerage reticulation systems. Requirements for trade waste connections and applications to discharge are included in the Property owners and plumbers handbook. This document is able to be viewed and downloaded from the licensee's website. The information is also included on the Water and 	<ul style="list-style-type: none"> Interviews with licensee staff Rio Tinto - Iron Ore (WA) - Utilities Division - Property owners and plumbers handbook (RTIO-AM-0131988) Rio Tinto - Iron Ore (WA) - Utilities Division - Water and Wastewater 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				Wastewater Connection Application Form <ul style="list-style-type: none"> The licensee manages the trade waste discharges through Trade Waste Agreements with trade waste customers. It has a standard template for these arrangements. The relevant Shire's health inspectors undertake inspections of grease traps under the Health Act. During the audit period, the licensee has not issued any tradewaste compliance notices. Therefore, this obligation has not been rated. 	Connection Application Form (RTIO-AM-0099957) <ul style="list-style-type: none"> Rio Tinto – Pilbara Utilities – Trade Waste Agreement (RTIO-AM-0141416) Rio Tinto – Core Services – Compliance Officers (Water) Notices Issued Register (RTIO-AM-0168892) 	
Compliance Notices The licensee must include the information specified in a compliance notice given in relation to the matters set out in section 119(1).	28	Section 119(2)	4	<ul style="list-style-type: none"> The licensee has not issued any compliance notices under the Act. Therefore, this obligation cannot be rated. 	<ul style="list-style-type: none"> Interviews with licensee staff Rio Tinto – Core Services – Compliance Officers (Water) Notices Issued Register (RTIO-AM-0168892) 	NR
Review of decision relating to giving compliance notices If a person makes an application to the State Administrative Tribunal under section 122(1), the licensee cannot take, or continue to take, action against the person except in the circumstances specified.	29	Section 122(2)	4	<ul style="list-style-type: none"> The licensee has not issued any compliance notices under the Act and therefore there has been no applications to the Tribunal. Therefore, this obligation has not been rated for the audit period. 	<ul style="list-style-type: none"> Interviews with licensee staff Iron Ore (WA) Utilities Legal Claims, Court, WA Planning Commission, and State Administrative Tribunal Proceedings Register (RTIO-LE-0000842) 	NR
Supplying groups of dwellings If the licensee provides a water supply, sewerage or drainage service to 2 or more	30	Section 125(2)	4	<ul style="list-style-type: none"> The licensee is able to apportion the fees between multiple dwellings served by a single property connection. 	<ul style="list-style-type: none"> Interviews with licensee staff Rio Tinto - Iron Ore (WA) Utilities Division - Property owners and plumbers 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
<p>dwelling on land by a single property connection, the licensee may apportion fees. The licensee cannot apportion fees to the extent inconsistent with any agreement related to such a provision of services, or section 66 of the Strata Titles Act 1985.</p>				<ul style="list-style-type: none"> ▪ This information is communicated to customers in Section 9.3 of the Property Owners and Plumbers Handbook. Two options are provided for metering strata properties at an individual unit level. These are: <ul style="list-style-type: none"> – <i>Option 1 - Rio Tinto's Iron Ore business fits individual meters at an agreed road frontage adjacent to a water main for individually subdivided or strata titled lots.</i> – <i>Option 2 - Fit a master meter at an agreed road frontage adjacent to a water main to serve the whole property with the developer installing acceptable sub-meters to each unit at the developer's cost. This option applies to a minimum of 3 units and is not available to non-residential developments unless they are strata titled. Non-residential properties that are not strata titled cannot be sub metered.</i> ▪ However, the licensee does not currently service any groups of dwellings on a single property connection where the fees are apportioned. Therefore, this obligation has not been rated. 	handbook (RTIO-AM-0131988)	
<p>Prohibition on dealings in land</p> <p>If the licensee has previously lodged a memorial with the</p>	31	Section 128(4)	4	<ul style="list-style-type: none"> ▪ The licensee advised that it has not lodged any memorials with the Registrar during the audit period. This was confirmed by reviewing the 	<ul style="list-style-type: none"> ▪ Interviews with licensee staff ▪ Iron Ore (WA) Utilities Legal Claims, Court, WA 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
Registrar, the licensee must lodge a withdrawal of memorial with Registrar along with the prescribed fee (if any) if the charge or contribution has been paid.				licensee's correspondence register. Therefore this obligation is not able to be rated.	Planning Commission, and State Administrative Tribunal Proceedings Register (RTIO-LE-0000842)	
Reading meters etc. and routine inspection and maintenance 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.	32	Section 129(5)	4	<ul style="list-style-type: none"> ▪ The licensee is aware of its obligation to provide 48 hours' notice of a proposed entry. ▪ Customers are informed of the requirement for the licensee to provide at least 48 hours' notice of a proposed entry in the Standard Connections for Water, Sewerage and Electricity Supply document (RTIO-AM-0118754). ▪ The information is also included in the internal Water Services Guidance Note that the licensee has developed to assist its staff in managing the water and sewerage services. ▪ As the licensee does not recall requiring entry to a customer's property for routine inspection and maintenance during the audit period, this obligation has not been rated. 	<ul style="list-style-type: none"> ▪ Interviews with licensee staff ▪ Rio Tinto – Pilbara Utilities – Water Services Guidance Note (RTIO-AM-0125857) ▪ Rio Tinto – Pilbara Electricity and Water Services - Standard Connections for Water, Sewerage and Electricity Supply (RTIO-AM-0118754) ▪ Rio Tinto – Core Services – Compliance Officers (Water) Notices Issued Register (RTIO-AM-0168892) 	NR
Ancillary works powers If the licensee removes or erects a fence or gate when exercising a works power conferred by the Act, the licensee must take all reasonable steps to notify the owner before doing so.	33	Section 139(3)	4	<ul style="list-style-type: none"> ▪ The licensee is aware of its obligation to provide affected parties notice if it removes or erects a fence or gate. ▪ Customers are informed of the requirement in the Standard Connections for Water, Sewerage and Electricity Supply document (RTIO-AM-0118754). 	<ul style="list-style-type: none"> ▪ Interviews with licensee staff ▪ Rio Tinto – Pilbara Utilities – Water Services Guidance Note (RTIO-AM-0125857) ▪ Rio Tinto – Pilbara Electricity and Water Services - Standard Connections for Water, 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<ul style="list-style-type: none"> The information is also included in the Water Services Guidance Note that the licensee has developed for internal use by its staff. The licensee has not removed or erected a fence or gate when exercising a works power conferred by the Act during the audit period. Therefore, this obligation is not able to be rated. 	<ul style="list-style-type: none"> Sewerage and Electricity Supply (RTIO-AM-0118754) Rio Tinto – Core Services – Compliance Officers (Water) Notices Issued Register (RTIO-AM-0168892) 	
<p>Special provisions applicable to road works</p> <p>In certain instances, if a person authorised by the licensee carries out road work that involves breaking the surface of the road or that would cause major obstruction to road traffic, the licensee must give at least 48 hours' notice to the public authority managing the road.</p>	34	Section 141(1)	4	<ul style="list-style-type: none"> The licensee has a Standard Work Procedure for Working at premises and in roads. This includes all the procedural steps required, including the requirement that at least 48 hours' notice needs to be provided to the public authority managing the road when road work that involves breaking the surface of the road or that would cause major obstruction to road traffic is carried out. During the audit period the licensee has not undertaken works in Shire or State controlled main roads. The licensee uses pipe bursting techniques for repairing broken sewer pipes. The last time that it conducted pipe trenching to carry out these repairs was before the start of the current audit period. The only work where the road surface needed to be broken took place on the Paraburdoo Mine road that is owned by Rio Tinto. Therefore, this obligation has not been rated. 	<ul style="list-style-type: none"> Interviews with licensee staff Rio Tinto – Core Services – Core Services Land Development Guidance Note (RTIO-AM-0121019) Rio Tinto Utilities Land Development Evidence Register Rio Tinto – Pilbara electricity and water services – Development and planning policy (RTIO-AM-0118746) Rio Tinto – Pilbara electricity and water services – Keeping your distance – a guide for undertaking works near our water infrastructure (RTIO-AM-0135249) Standard Work Procedure – Core Services – Working at premises and in roads (RTIO-HSE-0162350) Standard Work Procedure – Core Services – Major 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
					and general works (RTIO-HSE-0283463)	
Prerequisites to provision of major works The licensee must comply with sections 143 and 144 of the Act in relation to the proposed major works, and has given any notice required under section 148.	35	Sections 142	4	<ul style="list-style-type: none"> The licensee has not planned for or constructed any major works (as defined by Section 133 of the Act) during the audit period. The Bungaroo Creek Water Supply project was planned and constructed prior to the current audit period. Therefore, this obligation is not able to be rated. 	<ul style="list-style-type: none"> Interviews with licensee staff Rio Tinto – Iron Ore – Pilbara Utilities – Asset Management Improvement Plan – Water and Wastewater Services 2016 (RTIO-AM-0099745) 	NR
Licensee to prepare plans and publish and give notice of major works 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.	36	Sections 143 (2)	4	<ul style="list-style-type: none"> The licensee has not planned for or constructed any major works (as defined by Section 133 of the Act) during the audit period. The Bungaroo Creek Water Supply project was planned and constructed prior to the current audit period. Therefore, this obligation is not able to be rated. 	<ul style="list-style-type: none"> Interviews with licensee staff Rio Tinto – Iron Ore – Pilbara Utilities – Asset Management Improvement Plan – Water and Wastewater Services 2016 (RTIO-AM-0099745) 	NR
Licensee to prepare plans and publish and give notice of major works The licensee must, within 5 days of publishing the plans and details on the licensee's website, give notice setting out the matters prescribed in section 143(4) to the persons and agencies specified.	37	Sections 143 (3)	4	<ul style="list-style-type: none"> The licensee has not planned for or constructed any major works (as defined by Section 133 of the Act) during the audit period. The Bungaroo Creek Water Supply project was planned and constructed prior to the current audit period. Therefore, this obligation is not able to be rated. 	<ul style="list-style-type: none"> Interviews with licensee staff <input type="checkbox"/> Rio Tinto – Iron Ore – Pilbara Utilities – Asset Management Improvement Plan – Water and Wastewater Services 2016 (RTIO-AM-0099745) 	NR
Objections and submissions The licensee must have regard to an objection or submission lodged within the relevant period.	38	Sections 144(3)	4	<ul style="list-style-type: none"> The licensee has not planned for or constructed any major works (as defined by Section 133 of the Act) during the audit period. The Bungaroo Creek Water Supply project was planned and 	<ul style="list-style-type: none"> Interviews with licensee staff Rio Tinto – Iron Ore – Pilbara Utilities – Asset Management Improvement 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				constructed prior to the current audit period. Therefore, this obligation is not able to be rated.	Plan – Water and Wastewater Services 2016 (RTIO-AM-0099745)	
Licensee may amend proposal 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.	39	Section 145(2)	4	<ul style="list-style-type: none"> The licensee has not planned for or constructed any major works (as defined by Section 133 of the Act) during the audit period. The Bungaroo Creek Water Supply project was planned and constructed prior to the current audit period. Therefore, this obligation is not able to be rated. 	<ul style="list-style-type: none"> Interviews with licensee staff Rio Tinto – Iron Ore – Pilbara Utilities – Asset Management Improvement Plan – Water and Wastewater Services 2016 (RTIO-AM-0099745) 	NR
Powers of Minister in respect of proposal The licensee must comply with a direction given by a Minister in respect of a proposal to provide water service works that are major works under section 143(3).	40	Section 147(3)	4	<ul style="list-style-type: none"> The licensee has not planned for or constructed any major works (as defined by Section 133 of the Act) during the audit period. The Bungaroo Creek Water Supply project was planned and constructed prior to the current audit period. Therefore, this obligation is not able to be rated. 	<ul style="list-style-type: none"> Interviews with licensee staff Rio Tinto – Iron Ore – Pilbara Utilities – Asset Management Improvement Plan – Water and Wastewater Services 2016 (RTIO-AM-0099745) 	NR
Powers of Minister in respect of proposal If the Minister gives a direction that further notices in relation to the proposed major works be given under section 143(3), the licensee must resubmit the proposal.	41	Section 147(4)	4	<ul style="list-style-type: none"> The licensee has not planned for or constructed any major works (as defined by Section 133 of the Act) during the audit period. The Bungaroo Creek Water Supply project was planned and constructed prior to the current audit period. Therefore, this obligation is not able to be rated. 	<ul style="list-style-type: none"> Interviews with licensee staff Rio Tinto – Iron Ore – Pilbara Utilities – Asset Management Improvement Plan – Water and Wastewater Services 2016 (RTIO-AM-0099745) 	NR
Licensee to prepare plans and give notice of general works A licensee proposing to provide water service works that are general works must	42	Section 151(1)	4	<ul style="list-style-type: none"> The licensee has not planned for or constructed any general works (as defined by Section 134 of the Act) during the audit period. Therefore, this obligation is not able to be rated. 	<ul style="list-style-type: none"> Interviews with licensee staff Rio Tinto – Iron Ore – Pilbara Utilities – Asset Management Improvement Plan – Water and 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
prepare plans and details of the proposed works and publish and make them available for inspection.					Wastewater Services 2016 (RTIO-AM-0099745)	
Licensee to prepare plans and give notice of general works The licensee must give a notice setting out the matters referred to in section 151(3) to the persons and agencies specified.	43	Section 151(2)	4	<ul style="list-style-type: none"> The licensee has not planned for or constructed any general works (as defined by Section 134 of the Act) during the audit period. Therefore, this obligation is not able to be rated. 	<ul style="list-style-type: none"> Interviews with licensee staff Rio Tinto – Iron Ore – Pilbara Utilities – Asset Management Improvement Plan – Water and Wastewater Services 2016 (RTIO-AM-0099745) 	NR
Objections and submissions The licensee must have regard to an objection or submission lodged by the date specified in the notice given under section 151(2).	44	Section 152(3)	4	<ul style="list-style-type: none"> The licensee has not planned for or constructed any general works (as defined by Section 134 of the Act) during the audit period. Therefore, this obligation is not able to be rated. 	<ul style="list-style-type: none"> Interviews with licensee staff Rio Tinto – Iron Ore – Pilbara Utilities – Asset Management Improvement Plan – Water and Wastewater Services 2016 (RTIO-AM-0099745) 	NR
Licensee may amend proposal If the licensee makes alteration to those plans or details referred to in section 151, the licensee must give written notice of the alterations to any person who is likely to be adversely affected by those alterations.	45	Section 153(3)	4	<ul style="list-style-type: none"> The licensee has not planned for or constructed any general works (as defined by Section 134 of the Act) during the audit period. Therefore, this obligation is not able to be rated. 	<ul style="list-style-type: none"> Interviews with licensee staff Rio Tinto – Iron Ore – Pilbara Utilities – Asset Management Improvement Plan – Water and Wastewater Services 2016 (RTIO-AM-0099745) 	NR
Taking of interest in land for purposes of licensee On being advised by the Minister that an interest in land is appropriate to the licensee's	46	Section 166(5)	4	<ul style="list-style-type: none"> The licensee has not been required to take an interest in land under the Act. Therefore, this clause is not applicable. 	<ul style="list-style-type: none"> Interviews with licensee staff Register of Correspondence Iron Ore (WA) Utilities Legal Claims, Court, WA 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
needs, the licensee is required to acquire the interest.					Planning Commission, and State Administrative Tribunal Proceedings Register (RTIO-LE-0000842)	
Any costs incurred in taking an interest in land are to be paid by the licensee.	47	Section 166(6)	4	<ul style="list-style-type: none"> The licensee has not been required to take an interest in land under the Act. Therefore, this clause is not applicable. 	<ul style="list-style-type: none"> Interviews with licensee staff Register of Correspondence Iron Ore (WA) Utilities Legal Claims, Court, WA Planning Commission, and State Administrative Tribunal Proceedings Register (RTIO-LE-0000842) 	NR
Sale of land The licensee must not sell an interest in land if the purchaser would hold a parcel of land that did not comply with the minimum lot size and zoning requirements under the Planning and Development Act 2005, unless the Minister permits the licensee to do so.	48	Section 170	4	<ul style="list-style-type: none"> The licensee has not been required to take an interest in land under the Act. Therefore, this clause is not applicable. 	<ul style="list-style-type: none"> Interviews with licensee staff Register of Correspondence Iron Ore (WA) Utilities Legal Claims, Court, WA Planning Commission, and State Administrative Tribunal Proceedings Register (RTIO-LE-0000842) 	NR
Entry with consent or under notice or warrant 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,	49	Section 173(4)	4	<ul style="list-style-type: none"> The Conditions of Connections section of the licensee's Customer Charter sets out the licensee's powers in relation to entry of property. It is also set out in the Interruption to Supply section of the Standard Connections for Water, Sewerage and Electricity Supply document. Both of these documents are able to be viewed 	<ul style="list-style-type: none"> Interviews with licensee staff Standard Work Procedure – Core Services – Working at premises and in roads (RTIO-HSE-0162350) Rio Tinto Customer Charter – Utilities water 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
as applicable, unless the occupier or owner agrees otherwise.				and downloaded from the licensee's website. <ul style="list-style-type: none"> This information is also included in Section 9 of the Water Services Guidance Note used for internal purposes by the licensee. The licensee has a Standard Work Procedure for Working at premises and in roads. This includes all the procedural steps required, including the requirement that at least 48 hours' notice of a proposed entry to a place to the occupier or owner, as applicable, unless the occupier or owner agrees otherwise. When the licensee is required to provide the 48 hours' notice, it will provide notice via a postal drop. The licensee does not recall requiring to enter a customer's property during the audit period. This was confirmed from the Notices Issued Register. As a result this obligation has not been able to be rated. 	and wastewater services, December 2011 <ul style="list-style-type: none"> Rio Tinto – Pilbara Electricity and Water Services - Standard Connections for Water, Sewerage and Electricity Supply (RTIO-AM-0118754) Example of Rio Tinto – Pilbara Utilities - Outage Notice Rio Tinto – Core Services – Compliance Officers (Water) Notices Issued Register (RTIO-AM-0168892) 	
Notice of entry 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.	50	Section 174(1)	4	<ul style="list-style-type: none"> As noted above, the Conditions of Connections section of the licensee's Customer Charter sets out the licensee's powers in relation to entry of property. It is also set out in the Interruption to Supply section of the Standard Connections for Water, Sewerage and Electricity Supply document. Both of these documents are able to be viewed and downloaded from the licensee's website. 	<ul style="list-style-type: none"> Interviews with licensee staff Standard Work Procedure – Core Services – Working at premises and in roads (RTIO-HSE-0162350) Rio Tinto Customer Charter – Utilities water and wastewater services, December 2011 Rio Tinto – Pilbara Electricity and Water 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<ul style="list-style-type: none"> ▪ This information is also included in Section 9 of the Water Services Guidance Note used for internal purposes by the licensee. ▪ The licensee has a Standard Work Procedure for Working at premises and in roads. This includes all the procedural steps required, including the requirement that at least 48 hours' notice of a proposed entry to a place to the occupier or owner, as applicable, unless the occupier or owner agrees otherwise. ▪ When the licensee is required to provide the 48 hours' notice, it will provide notice via a postal drop. ▪ The licensee does not recall requiring to enter a customer's property during the audit period. This was confirmed from the Notices Issued Register. ▪ As a result this obligation has not been able to be rated. ▪ Where customers experience leaks or bursts in the water pipe after the meter or blockages occurring in the household connection pipes, these are the responsibility of the property owner. As Rio Tinto owns the majority of the properties in the town serviced by the licensee, it has a property management service contractor to carry out works within the customers' properties. 	<ul style="list-style-type: none"> Services - Standard Connections for Water, Sewerage and Electricity Supply (RTIO-AM-0118754) ▪ Example of Rio Tinto – Pilbara Utilities - Outage Notice ▪ Rio Tinto – Core Services – Compliance Officers (Water) Notices Issued Register (RTIO-AM-0168892) 	
Even if in a particular instance the licensee may enter a place under the Act without having to give notice of proposed entry,	51	Section 174(3)	4	<ul style="list-style-type: none"> ▪ Under Section 171(1) of the Act, some of the licensee's staff have the authority to enter a property. Examples of Certificates of 	<ul style="list-style-type: none"> ▪ Interviews with licensee staff 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
the licensee must when practicable, and when it will not compromise the reason for entry, give notice of entry to the occupier.				<p>Designation for the licensee's Compliance Officers were provided as evidence at the audit. The back of the card sets out the Key Powers in writing.</p> <ul style="list-style-type: none"> The licensee has a Standard Work Procedure for Working at premises and in roads. This includes all the procedural steps required and applicable legislation. However no unconsented entries associated with water services were made during the audit period. Therefore, this obligation is not able to be rated. As noted above, the Conditions of Connections section of the licensee's Customer Charter sets out the licensee's powers in relation to entry of property. It is also set out in the Interruption to Supply section of the Standard Connections for Water, Sewerage and Electricity Supply document. Both of these documents are able to be viewed and downloaded from the licensee's website. 	<ul style="list-style-type: none"> Standard Work Procedure – Core Services – Working at premises and in roads (RTIO-HSE-0162350) Rio Tinto Customer Charter – Utilities water and wastewater services, December 2011 Rio Tinto – Pilbara Electricity and Water Services - Standard Connections for Water, Sewerage and Electricity Supply (RTIO-AM-0118754) Examples of Certificates of Designation for the licensee's Compliance Officers 	
<p>Rights of occupier of dwelling</p> <p>If an occupier is present when the licensee proposes to enter a dwelling, the licensee must perform the prescribed actions before entering the premises.</p>	52	Section 175(2)	4	<ul style="list-style-type: none"> Under Section 171(1) of the Act, some of the licensee's staff have the authority to enter a property. Examples of Certificates of Designation for the licensee's Compliance Officers were provided as evidence at the audit. The back of the card sets out the Key Powers in writing. Any entries to a customer's dwelling when the occupier is present are 	<ul style="list-style-type: none"> Interviews with licensee staff Standard Work Procedure – Core Services – Working at premises and in roads (RTIO-HSE-0162350) Rio Tinto Customer Charter – Utilities water and wastewater services, December 2011 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<p>performed in accordance with the prescribed actions included in Section 175(2) of the Act.</p> <ul style="list-style-type: none"> ▪ The licensee has a Standard Work Procedure for Working at premises and in roads. This includes all the procedural steps required and applicable legislation. ▪ Where customers experience leaks or bursts in the water pipe after the meter or blockages occurring in the household connection pipes, these are the responsibility of the property owner. As Rio Tinto owns the majority of the properties in the town serviced by the licensee, it has a property management service contractor to carry out works within the customers' properties. ▪ The licensee does not recall requiring to enter a customer's property during the audit period. This was confirmed from the Notices Issued Register. As a result this obligation has not been able to be rated. ▪ No entries into a customer's dwelling for purposes related to the licenced water services are known to have been made during the audit period. Therefore, this obligation is not able to be rated. 	<ul style="list-style-type: none"> ▪ Rio Tinto – Pilbara Electricity and Water Services - Standard Connections for Water, Sewerage and Electricity Supply (RTIO-AM-0118754) ▪ Examples of Certificates of Designation for the licensee's Compliance Officers 	
If the licensee enters a dwelling that is unoccupied, the licensee must leave a notice or a copy of the warrant (as applicable) in a prominent	53	Section 175(5)	4	<ul style="list-style-type: none"> ▪ Under Section 171(1) of the Act, some of the licensee's staff have the authority to enter a property. Examples of Certificates of Designation for the licensee's Compliance Officers were provided 	<ul style="list-style-type: none"> ▪ Interviews with licensee staff ▪ Standard Work Procedure – Core Services – Working 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
position in the dwelling before leaving the dwelling.				as evidence at the audit. The back of the card sets out the Key Powers in writing. <ul style="list-style-type: none"> However no entries into an unoccupied dwelling were made during the audit period. Therefore, this obligation is not able to be rated. 	at premises and in roads (RTIO-HSE-0162350) <ul style="list-style-type: none"> Rio Tinto Customer Charter – Utilities water and wastewater services, December 2011 Rio Tinto – Pilbara Electricity and Water Services - Standard Connections for Water, Sewerage and Electricity Supply (RTIO-AM-0118754) Examples of Certificates of Designation for the licensee's Compliance Officers 	
When authorised person must leave etc. If the licensee has entered a place with or without consent, the licensee must leave the premises as soon as practicable after being notified that the owner or occupier has refused or withdrawn their consent.	54	Section 176(1)	4	<ul style="list-style-type: none"> Under Section 171(1) of the Act, some of the licensee's staff have the authority to enter a property. Examples of Certificates of Designation for the licensee's Compliance Officers were provided as evidence at the audit. The back of the card sets out the Key Powers in writing. However, no incidents could be recalled from the audit period where the owner or occupier has refused or withdrawn their consent and the licensee's staff have been required to leave the premises as soon as practicable after being notified. The complaints register was reviewed to confirm that none of the water or wastewater complaints related to this obligation. 	<ul style="list-style-type: none"> Interviews with licensee staff Standard Work Procedure – Core Services – Working at premises and in roads (RTIO-HSE-0162350) Rio Tinto Customer Charter – Utilities water and wastewater services, December 2011 Rio Tinto – Pilbara Electricity and Water Services - Standard Connections for Water, Sewerage and Electricity Supply (RTIO-AM-0118754) Examples of Certificates of Designation for the licensee's Compliance Officers 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
The licensee must produce their certificate of authority if asked to do so, and must not perform, or continue to perform, a function under the Act until they are not able to do so.	55	Section 176(3)	4	<ul style="list-style-type: none"> Therefore, this obligation is not able to be rated. The licensee's requirements are in accordance with the Act and staff are required to produce their certificate of authority if asked to do so. However, the licensee does not recall any occasions where staff were required to produce their certificate of authority and no evidence of occasions when this has happened are recorded. Therefore, this obligation has been rated as Not Rated. 	<ul style="list-style-type: none"> RTTMS Complaints Data 2013-2016 Interviews with licensee staff Standard Work Procedure – Core Services – Working at premises and in roads (RTIO-HSE-0162350) Rio Tinto Customer Charter – Utilities water and wastewater services, December 2011 Rio Tinto – Pilbara Electricity and Water Services - Standard Connections for Water, Sewerage and Electricity Supply (RTIO-AM-0118754) Examples of Certificates of Designation for the licensee's Compliance Officers RTTMS Complaints Data 2013-2016 	NR
If the licensee enters or proposes to enter a place, and the owner or occupier requests the licensee produce evidence of authority for that entry, then the licensee must leave the place if they are unable to do so unless the owner or occupier agrees otherwise.	56	Section 176(4)	4	<ul style="list-style-type: none"> Under Section 171(1) of the Act, some of the licensee's staff have the authority to enter a property. Examples of Certificates of Designation for the licensee's Compliance Officers were provided as evidence at the audit. The back of the card sets out the Key Powers in writing. There have been no known cases during the audit period where staff have been requested to produce evidence of authority for that entry 	<ul style="list-style-type: none"> Interviews with licensee staff Standard Work Procedure – Core Services – Working at premises and in roads (RTIO-HSE-0162350) Rio Tinto Customer Charter – Utilities water and wastewater services, December 2011 Rio Tinto – Pilbara Electricity and Water 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				by the owner or occupier and not been able to provide the evidence. Therefore, this obligation is not able to be rated.	Services - Standard Connections for Water, Sewerage and Electricity Supply (RTIO-AM-0118754) <ul style="list-style-type: none"> Examples of Certificates of Designation for the licensee's Compliance Officers RTTMS Complaints Data 2013-2016 	
Actions of authorised persons and others The licensee, or a person assisting the licensee, must, as far as is practicable comply with any reasonable request from the owner or occupier intended to limit interference with the lawful activities of the owner or occupier.	57	Section 181	5	<ul style="list-style-type: none"> Under Section 171(1) of the Act, some of the licensee's staff have the authority to enter a property. Examples of Certificates of Designation for the licensee's Compliance Officers were provided as evidence at the audit. The back of the card sets out the Key Powers in writing. There have been no known cases during the audit period where staff have had to comply with any reasonable request from the owner or occupier intended to limit interference with the lawful activities of the owner or occupier. Therefore, this obligation is not able to be rated. 	<ul style="list-style-type: none"> Interviews with licensee staff Standard Work Procedure – Core Services – Working at premises and in roads (RTIO-HSE-0162350) Rio Tinto Customer Charter – Utilities water and wastewater services, December 2011 Rio Tinto – Pilbara Electricity and Water Services - Standard Connections for Water, Sewerage and Electricity Supply (RTIO-AM-0118754) Examples of Certificates of Designation for the licensee's Compliance Officers RTTMS Complaints Data 2013-2016 	NR
Contents of application If the licensee applies for a warrant, the application must	58	Section 186	4	<ul style="list-style-type: none"> The licensee advises that it has not applied for a warrant within the audit period. Therefore this obligation is not able to be rated. 	<ul style="list-style-type: none"> Interviews with licensee staff Iron Ore (WA) Utilities Legal Claims, Court, WA 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
contain the prescribed information.					Planning Commission, and State Administrative Tribunal Proceedings Register (RTIO-LE-0000842) Rio Tinto – Core Services – Compliance Officers (Water) Notices Issued Register (RTIO-AM-0168892)	
How application to be made If the licensee applies for a warrant to enter, the application must be made in accordance with the procedures specified depending on the location of the applicant and the justice.	59	Section 187(1) – (3)	4	<ul style="list-style-type: none"> The licensee advises that it has not applied for a warrant within the audit period. Therefore this obligation is not able to be rated. 	<ul style="list-style-type: none"> Interviews with licensee staff Iron Ore (WA) Utilities Legal Claims, Court, WA Planning Commission, and State Administrative Tribunal Proceedings Register (RTIO-LE-0000842) Rio Tinto – Core Services – Compliance Officers (Water) Notices Issued Register (RTIO-AM-0168892) 	NR
Execution of warrant Unless required to give a copy of the warrant, the licensee executing the warrant must produce the warrant for inspection by the occupier of the place concerned on entry (if practicable), and if requested to do so.	60	Section 190(4)	4	<ul style="list-style-type: none"> The licensee advises that it has not applied for a warrant within the audit period. Therefore this obligation is not able to be rated. 	<ul style="list-style-type: none"> Interviews with licensee staff Iron Ore (WA) Utilities Legal Claims, Court, WA Planning Commission, and State Administrative Tribunal Proceedings Register (RTIO-LE-0000842) Rio Tinto – Core Services – Compliance Officers (Water) Notices Issued 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
On completing the execution of a warrant the licensee must record the prescribed information on that warrant.	61	Section 190(5)	4	<ul style="list-style-type: none"> The licensee advises that it has not applied for a warrant within the audit period. Therefore this obligation is not able to be rated. 	Register (RTIO-AM-0168892) <ul style="list-style-type: none"> Interviews with licensee staff Iron Ore (WA) Utilities Legal Claims, Court, WA Planning Commission, and State Administrative Tribunal Proceedings Register (RTIO-LE-0000842) Rio Tinto – Core Services – Compliance Officers (Water) Notices Issued Register (RTIO-AM-0168892) 	NR
Designation of inspectors and compliance officers If the licensee designates a person as an inspector or compliance officer, the licensee must give that person a certificate of authority that includes certain prescribed information.	62	Section 210(5)	4	<ul style="list-style-type: none"> The licensee has designated a number of its staff as compliance officers under the <i>Water Services Act 2012</i>. Each Compliance Officer is provided with a Certificate of Authority card. We were provided with examples of the cards during the audit and confirmed that in accordance with the requirements of Clause 210(5) of the Act, each card includes: <ul style="list-style-type: none"> a recent passport-size photograph of the person the person's name a statement to the effect that the person is an inspector or compliance officer for the purposes of this Act 	<ul style="list-style-type: none"> Interviews with licensee staff Examples of Certificates of Designation for Compliance Officers 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<ul style="list-style-type: none"> - the provisions under which the inspector or compliance officer may exercise powers - any limitations or restrictions that apply to the exercise of the powers of the inspector or compliance officer ▪ the expiry date of the certificate. 		
Liability of certain persons for damage caused in exercise of powers 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.	63	Section 218(2)	5	<ul style="list-style-type: none"> ▪ The licensee has not exercised a works power of power of entry under this act during the audit period. Therefore this obligation is not able to be rated. ▪ We confirmed that no complaints regarding the licensee's actions to deliver the licenced water services with regard to the requirements of this obligation have been received during the audit period. 	<ul style="list-style-type: none"> ▪ Interviews with licensee staff ▪ RTMMS Complaints data 2013-2016 	NR
If the licensee does any physical damage in the exercise of a works power or a power of entry, the licensee must ensure that the damage is made good, and pay compensation to the extent that it is not practicable to make good the damage.	64	Section 218(3)	4	<ul style="list-style-type: none"> ▪ The licensee has not exercised a works power of power of entry under this act during the audit period. Therefore this obligation is not able to be rated. 	<ul style="list-style-type: none"> ▪ Interviews with licensee staff ▪ RTMMS Complaints data 2013-2016 	NR
Water Services Regulations 2013						
Altering position of service infrastructure in roads If the licensee proposes to exercise a works power in a	74	Regulation 60(2)	4	<ul style="list-style-type: none"> ▪ The licensee has a Standard Work Procedure for Working at premises and in roads. This includes all the 	<ul style="list-style-type: none"> ▪ Interviews with licensee staff ▪ Standard Work Procedure – Core Services – Working 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
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.				procedural steps required and applicable legislation. <ul style="list-style-type: none"> The only work where the road surface needed to be broken took place on the Paraburdoo Mine road that is owned by Rio Tinto. The licensee has not exercised a works power in a road that it did not own during the audit period. No notifications related to altering the position of service infrastructure in roads were observed in the licensee's correspondence registers for the audit period. Therefore this obligation is not able to be rated. 	at premises and in roads (RTIO-HSE-0162350) <ul style="list-style-type: none"> Iron Ore (WA) Utilities Legal Claims, Court, WA Planning Commission, and State Administrative Tribunal Proceedings Register (RTIO-LE-0000842) Rio Tinto – Core Services – Compliance Officers (Water) Notices Issued Register (RTIO-AM-0168892) 	
Roads broken up to be reinstated If the licensee opens or breaks up the surface of a road, the licensee must complete the relevant work and reinstate and make good the road, and must take all reasonable measures to prevent that part of the road from being hazardous.	75	Regulation 63	4	<ul style="list-style-type: none"> The licensee has a Standard Work Procedure for Working at premises and in roads. This includes all the procedural steps required and applicable legislation. The only work where the road surface needed to be broken took place on the Paraburdoo Mine road that is owned by Rio Tinto. No road surfaces were required to be broken up and reinstated during the audit period in relation to the provision of the licenced water services. 	<ul style="list-style-type: none"> Interviews with licensee staff Standard Work Procedure – Core Services – Working at premises and in roads (RTIO-HSE-0162350) Iron Ore (WA) Utilities Legal Claims, Court, WA Planning Commission, and State Administrative Tribunal Proceedings Register (RTIO-LE-0000842) Rio Tinto – Core Services – Compliance Officers (Water) Notices Issued Register (RTIO-AM-0168892) 	NR
Compliance Notices Compliance notices issued by the licensee must include a brief description of the	89	Regulation 85	4	<ul style="list-style-type: none"> The licensee has not issued any compliance notices during the audit period. This was confirmed through 	<ul style="list-style-type: none"> Interviews with licensee staff Rio Tinto – Core Services – Compliance Officers 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
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.				a review of the licensee's Notices Issued Register. ▪ Therefore, this obligation is not able to be rated.	(Water) Notices Issued Register (RTIO-AM-0168892)	
Water Services Code of Conduct (Customer Service Standards) 2013						
Information about connections The licensee must have written information for customers about the specified matters.	92	Clause 7	4	<ul style="list-style-type: none"> ▪ Information related to conditions for connection are currently included in the Standard Connections for Water, Sewerage and Electricity Supply document. In addition, the licensee's conditions for connection are also set out in the 'Conditions of Connection' section on the Customer Charter. These documents are able to be view and downloaded from the licensee's website. ▪ Additional conditions of connection information is also provided on the licensee's website, with application forms, that also include the conditions of connection, being able to be viewed and downloaded. ▪ Applications for new connections are completed using the licensee's Water and Wastewater Connection Application Form. This form also includes the Terms and Conditions relating to connections. ▪ Information on reduced and disconnected services is also included in the Financial Hardship and Payment Difficulty Policy. 	<ul style="list-style-type: none"> ▪ Interviews with licensee staff ▪ Rio Tinto Customer Charter – Utilities water and wastewater services, December 2011 ▪ Rio Tinto - Pilbara electricity and water services – Standard connections for water, sewerage and electricity supply (RTIO-AM-0118754) ▪ Rio Tinto - Pilbara electricity and water services - Financial hardship and payment difficulty policy (RTIO-AM-0118449) ▪ Rio Tinto – Water and wastewater connection application form (RTIO-AM-0099957) 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<ul style="list-style-type: none"> ▪ We reviewed the available written information about connections available to the licensee’s customers and confirmed that it includes: <ul style="list-style-type: none"> – entitlements under section 73 to the provision of — <ul style="list-style-type: none"> (i) drinking water supply services (ii) sewerage, irrigation and drainage services – licensee functions under section 21 concerning the provision of — <ul style="list-style-type: none"> (i) drinking water supply services (ii) sewerage, irrigation and drainage services – the regulations that prescribe requirements for the purpose of section 21(2)(c) or (3)(c) – how to apply for a connection – the things that a customer must do, and the things that must be complied with, before a connection is made – the fees that apply in relation to connections and when the fees are payable ▪ the period mentioned in clause 8 in which connections are required to be completed. 		

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
<p>Minimum performance standards for standard water supply connections</p> <p>The licensee must ensure that, in any 12 month period, 90% of connections are completed before the end of 10 business days, starting on the day on which the customer has paid the relevant fees and complied with the relevant requirements.</p>	93	Clause 8	4	<ul style="list-style-type: none"> ▪ The requirement to complete new water supply and sewerage connections within 10 business days after receiving an application and payment is set out in the Standard Connections for Water, Sewerage and Electricity Supply document. It is also included on the Water and Wastewater Connection Application Form and on the Customer Charter. ▪ Although the licensee stated that there have been no new connections during the audit period, we observed that the number of connected properties reported in the 2013/14 performance report was 2,402 and this rose to 2,556 in the 2014/15 performance report. ▪ The licensee investigated this reported increase in connections and confirmed that the 2,556 connections reported in 2014/15 had been incorrectly reported. The 2,556 connections related to the number of electricity connections as opposed to the number of water connections. Rio Tinto is also the electricity service provider to the towns the licensee provides with water, with the addition of also supplying electricity to Wickham. ▪ For 2015/16, the licensee has identified that it has 2,421 water connections. This is a slight increase on the 2,402 connections reported in 2013/14 but the licensee has completed a data cleansing exercise and identified a number of 	<ul style="list-style-type: none"> ▪ Interviews with licensee staff ▪ Rio Tinto Customer Charter – Utilities water and wastewater services, December 2011 ▪ Rio Tinto - Pilbara electricity and water services – Standard connections for water, sewerage and electricity supply (RTIO-AM-0118754) ▪ Rio Tinto – Water and wastewater connection application form (RTIO-AM-0099957) 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<p>missing properties and meters. The licensee confirmed that there have been no new customer connections installed during 2015/16.</p> <ul style="list-style-type: none"> As there has not been any new connections during the audit period, this obligation has not been rated. 		
<p>Bills other than for quantities supplied, discharged</p> <p>The licensee must issue a bill for non-quantity charges to each customer at least once in every 12 month period.</p>	94	Clause 9	4	<ul style="list-style-type: none"> The licensee issues customers with two separate quarterly bills for its water services. Residential and commercial customers are billed in February, May, August and November for the water consumption component of their overall water charges. The licensee sends out a second bill for the non-quantity charge every quarter but in a different month from the consumption charge. These bills are sent out in January, April, July and October. The non-quantity charge rates notice also includes the charges for the wastewater service. Until April 2016, the licensee used the Utilities Management System for its customer billing. It has now moved to using the Pilbara Utilities Customer Portal system and completed one billing run with the new system before the end of the audit period. The Utilities Management System (UMS) is being run as a legacy system and will become read-only when the implementation of the Pilbara Utilities Customer Portal has been finalised. Under the UMS, a 	<ul style="list-style-type: none"> Interviews with licensee staff Examples of customer bills Rio Tinto – Pilbara electricity and water services – Invoicing and meter reading policy (RTIO-AM-0118753) Rio Tinto - Pilbara electricity and water services – Standard connections for water, sewerage and electricity supply (RTIO-AM-0118754) 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				billing spreadsheet was created at the close of each billing period, and sent to Fuji Xerox to print out the bills and post them out to customers. <ul style="list-style-type: none"> ▪ The issue with the UMS was that it was not able to record overdue billing information to the required standard. Instead the balances, credits and overdue amounts were recorded in SAP. However, as SAP did not interface with UMS, the change to the new Customer Service Portal system was initiated. ▪ The Pilbara Utilities Customer Portal is an Access database-based system that has been developed by Accenture. The system maintains the customer history including meter reads and invoice history. ▪ All meter reading and posting of bills is now carried out by Accenture as part of the service contract. However, Accenture has contracted out the printing of customer bills to QuickMail. 		
Bills for quantities supplied, discharged The licensee must issue a bill for usage to each customer at least once in every 6 month period.	95	Clauses 10(2)	4	<ul style="list-style-type: none"> ▪ The licensee issues customers with two separate quarterly bills for its water services. ▪ Residential and commercial customers are billed in February, May, August and November for the water consumption component of their overall water charges. 	<ul style="list-style-type: none"> ▪ Interviews with licensee staff ▪ Rio Tinto – Pilbara electricity and water services – Invoicing and meter reading policy (RTIO-AM-0118753) ▪ Rio Tinto - Pilbara electricity and water services – Standard connections for water, sewerage and electricity 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
					supply (RTIO-AM-0118754)	
					<ul style="list-style-type: none"> Examples of customer bills 	
The licensee must ensure a bill for usage is based on a meter reading to ascertain the quantity supplied or discharged.	96	Clauses 10(3)	4	<ul style="list-style-type: none"> All of the licensee's water supply customers have water meters and these are read on a quarterly basis. The details of the licensee's meter reading processes are set out in its Invoicing and Meter Reading Policy 	<ul style="list-style-type: none"> Interviews with licensee staff Rio Tinto – Pilbara electricity and water services – Invoicing and meter reading policy (RTIO-AM-0118753) Examples of customer bills 	1
If an accurate meter reading is not possible, a bill for usage must be based on an estimation (in accordance with the prescribed regulations) of the quantity of water supplied or waste water discharged.	97	Clause10(4)	4	<ul style="list-style-type: none"> If an accurate meter reading is not possible, the licensee issues a bill for usage based on an estimation (in accordance with the prescribed regulations) of the quantity of water supplied. The sewerage service is based on a fixed charge and does not include a volumetric component. The processes used for estimating water consumption are set out in the Invoicing and Meter Reading Policy. This document is able to be viewed and downloaded from the licensee's website. Information on estimated meter reads is also included in the Bill Review Policy. The licensee's estimation process uses either: <ul style="list-style-type: none"> The average of the last three year's consumption 	<ul style="list-style-type: none"> Interviews with licensee staff Rio Tinto – Pilbara electricity and water services – Invoicing and meter reading policy (RTIO-AM-0118753) Rio Tinto - Pilbara electricity and water services - Bill review policy (RTIO-AM-0118756) Examples of customer bills 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<ul style="list-style-type: none"> - The town average consumption for a property in the same category/tariff type - The metered consumption for the same period in the previous year ▪ The choice of estimation process depends on the customer information available, e.g. if they have been a customer for more than three years and they have previous meter data available. ▪ The licensee also allows a meter estimation to be made on a basis agreed with the customer. 		
If an accurate meter reading is not possible and there are no applicable regulations, a bill for usage must be based on a reasonable estimate of supply or discharge using one of the prescribed methods.	98	Clause 10(5)	4	<ul style="list-style-type: none"> ▪ Refer to Obligation 97. ▪ If an accurate meter reading is not possible, the licensee bases customer water supply bills for usage on a reasonable estimate of supply using one of the prescribed methods in set out in Clause 10(5) of the Code. ▪ The licensee does not charge its wastewater customers on a volumetric discharge basis. 	<ul style="list-style-type: none"> ▪ Interviews with licensee staff ▪ Rio Tinto – Pilbara electricity and water services – Invoicing and meter reading policy (RTIO-AM-0118753) ▪ Rio Tinto - Pilbara electricity and water services - Bill review policy (RTIO-AM-0118756) ▪ Examples of customer bills 	1
<p>Sending bills</p> <p>The licensee must send a bill to the address of the place where the water service is provided or, if the customer nominates another address, to the nominated address.</p>	99	Clause 11	4	<ul style="list-style-type: none"> ▪ The licensee sends bills to the address nominated by the customer. This does not need to be the location at which the water service is provided. <ul style="list-style-type: none"> - The supply address and the billing address are recorded in both the UMS and the new 	<ul style="list-style-type: none"> ▪ Interviews with licensee staff ▪ Examples of customer bills 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				Pilbara Utilities Customer Portal systems. This information is included on the customer bills.		
Each bill must contain the prescribed information. [Obligation came into operation on 18 November 2015]	100	Clause 12(1)	4	<ul style="list-style-type: none"> ▪ We reviewed examples of the licensee's customer bills and confirmed that they contained: <ul style="list-style-type: none"> – the customer's name – the account number – the address of the place in respect of which the water service is provided – any other address nominated by the customer for sending of bills – the day on which the bill is issued – the charges payable – the water service or services for which the charges are payable – the date when payment is due – the nature and amount of any applicable concession, discount or rebate – the amount of interest or fees charged for late payment of outstanding amounts – the amount of any arrears or credit standing to the customer's name – the options for payment that are available to the customer – the licensee's website address 	<ul style="list-style-type: none"> ▪ Interviews with licensee staff ▪ Examples of customer bills 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
Each bill for usage for a metered water service must, in addition to the requirements of clause 12(1), contain the specified information. [Obligation came into operation on 18 November 2015]	101	Clause 12(2)	4	<ul style="list-style-type: none"> - a telephone number for account, payment and general enquiries - contact details for account, payment and general enquiries for use by customers with hearing or speech impairment ▪ a statement that the website contains information about estimates, meter reading and testing, complaints and review. <hr/> <ul style="list-style-type: none"> ▪ We reviewed examples of the licensee's customer bills and confirmed that they contained information that specified: <ul style="list-style-type: none"> - whether the bill was based on: <ul style="list-style-type: none"> (i) a meter reading; or (ii) an estimate of the quantity of water supplied or the quantity of wastewater discharged - the billing period - the number of days to which the bill applies - the 2 most recent dates on which the quantity of water supplied or the quantity of wastewater discharged was ascertained, whether by a meter reading or an estimate - if the bill was based on a meter reading, the total quantity of water supplied or the quantity of wastewater discharged according to the meter reading 	<ul style="list-style-type: none"> ▪ Interviews with licensee staff ▪ Examples of customer bills 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<ul style="list-style-type: none"> - if the bill was based on an estimate, the total quantity of water supplied or the quantity of wastewater discharged according to the estimate - information, if available, about the customer's water usage compared with the customer's previous usage. ▪ Customer bills include a photo of the water meter at the time of the read. If the consumption has been estimated, there is no photo of the meter read 		
Each bill must inform the customer of the specified information and where further details can be obtained. [Obligation came into operation on 18 November 2015]	102	Clause 12(3)	4	<ul style="list-style-type: none"> ▪ We reviewed examples of the licensee's customer bills and confirmed that they informed the customer of the following specified information and where further details can be obtained: <ul style="list-style-type: none"> - if the bill was based on an estimate, that the licensee will tell the customer on request - <ul style="list-style-type: none"> (i) the basis of the estimate (ii) the reason for the estimate - that the customer may request a meter reading and bill to determine outstanding charges for a period that is not the same as the usual billing cycle - that the customer may request a meter reading and revised bill if the customer disputes an estimate on which a bill is based and that if the customer so 	<ul style="list-style-type: none"> ▪ Interviews with licensee staff ▪ Examples of customer bills ▪ Rio Tinto - Pilbara electricity and water services - Bill review policy (RTIO-AM-0118756) 	2

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<p>requests, information about the fees that apply</p> <ul style="list-style-type: none"> - that the customer may request, in accordance with the regulations mentioned in section 79(3)(b), the testing of a meter and that if the customer so requests, information about the fees that apply and when the fees may be reimbursed in accordance with the regulations mentioned in section 79(3)(c) - that complaints about the provision of a water service by the licensee or a failure by the licensee to provide a water service can be made in accordance with the licensee's complaints procedure mentioned in clause 35. <ul style="list-style-type: none"> ▪ We observed that the bill does not state that it can be reviewed in accordance with the licensee's review procedure mentioned in clause 18 (Clause 12(3)(e)). This information is available in the Bill Review Policy that is readily available to be viewed or downloaded from the licensee's website. ▪ We recommend that the licensee updates its bill templates to inform customers that the bill can be reviewed in accordance with the licensee's review procedure. 		

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
Estimates: licensees' obligations If a bill is based on an estimate, the licensee must tell the customer on request the basis of the estimate and the reason for the estimate.	103	Clause 13(1)	4	<ul style="list-style-type: none"> As noted above, the licensee takes a photo of the meter when it is read and this is included on the bill. If the bill is based on an estimate as opposed to a meter read, this section of the bill is left blank. The bills include a section related to enquiries about estimated bills where the customer is informed that upon request to the licensee the basis of the estimation and the reason for the estimation can be provided. 	<ul style="list-style-type: none"> Interviews with licensee staff Examples of customer bills Rio Tinto - Pilbara electricity and water services - Bill review policy (RTIO-AM-0118756) 	1
The licensee must make any adjustments to the next bill to take into account the extent to which the estimate was not reasonable having regard to a subsequent and accurate meter reading.	104	Clause 13(2)	4	<ul style="list-style-type: none"> The licensee makes adjustments to the customer's next bill to take into account the extent that the estimate was not reasonable having regard to a subsequent and accurate meter reading. The customer is informed of the processes for estimated bill readings in the Bill Review Policy. The policy is able to be viewed and downloaded from the licensee's website. 	<ul style="list-style-type: none"> Interviews with licensee staff Examples of customer bills Rio Tinto - Pilbara electricity and water services - Bill review policy (RTIO-AM-0118756) 	1
Requested meter readings, revised bills: licensee's obligations The licensee must provide to the customer on request a meter reading and a bill in the prescribed circumstances.	105	Clause 14(1)	4	<ul style="list-style-type: none"> The licensee provides a meter reading on request and a bill in the prescribed circumstances. The customers are informed of the ability to request a meter read and a revised bill in the Bill Review Policy. This information is also included on the back of the licensee's bills. 	<ul style="list-style-type: none"> Interviews with licensee staff Examples of customer bills Rio Tinto - Pilbara electricity and water services - Bill review policy (RTIO-AM-0118756) 	1
Leaks The licensee must have a publicly available written	106	Clause 15	4	<ul style="list-style-type: none"> The licensee's Bill Review Policy includes a section on the Water Leak Allowance Policy. The Policy informs customers that it may offer 	<ul style="list-style-type: none"> Interviews with licensee staff Examples of customer bills 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
policy, standard or set of guidelines in relation to granting a discount to a customer whose meter reading indicates a water usage that is higher than normal for the customer but is likely to have been wasted because of a leak.				a discount for water leaks in certain circumstances. The policy sets out the requirements for applying for a leak allowance and also lists the situations where an allowance would not be considered. The policy is able to be viewed and downloaded from the licensee's website. Additionally, the licensee's Accessibility and Equal Opportunity Policy states that all publicly available documents are available in large print upon request at no charge.	<ul style="list-style-type: none"> Rio Tinto - Pilbara electricity and water services - Bill review policy (RTIO-AM-0118756) Rio Tinto - Pilbara electricity and water services - Accessibility and equal opportunity policy (RTIO-AM-0120724) 	
<p>Undercharging in bills</p> <p>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.</p>	107	Clause 16(2)	4	<ul style="list-style-type: none"> The licensee informs customers of its processes for undercharging in bills in its Bill Review Policy. The policy states that the licensee will not recover an undercharged amount from a customer unless it is for services provided in the 12 month period ending on the day the licensee informs the customer that they had been undercharged. <ul style="list-style-type: none"> During the audit we reviewed a number of examples of undercharging during the audit period by observing reversed invoices adjustments made in the licensee's billing system. 	<ul style="list-style-type: none"> Interviews with licensee staff Examples of customer bills Rio Tinto - Pilbara electricity and water services - Bill review policy (RTIO-AM-0118756) Rio Tinto (WA) Core Services Water Bills Checklist (RTIO-AM-0169617) 	1
<p>An undercharged amount must be the subject of, and explained in, a special bill or a separate item in the next bill. The licensee cannot charge interest or late payment fees on an undercharged amount. The licensee must allow a</p>	108	Clause 16(3)	4	<ul style="list-style-type: none"> The Bill Review Policy informs customers that if it is found that a customer has been undercharged, the licensee <ul style="list-style-type: none"> issues an interim bill for the undercharged amount; or 	<ul style="list-style-type: none"> Interviews with licensee staff Examples of customer bills Rio Tinto - Pilbara electricity and water services - Bill review policy (RTIO-AM-0118756) 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
customer to pay an undercharged amount by way of a repayment plan as specified in the code of conduct.				<ul style="list-style-type: none"> - includes the amount as an item in the customer's next bill ▪ The licensee does not charge interest or late payment fees on undercharged amounts. ▪ Customer are offered a repayment plan to pay off the undercharged amount if required. The length of the plan will be the lesser of the following periods (starting on the day on which the bill is issued): <ul style="list-style-type: none"> - a period for the same amount of time in which the undercharging occurred; or - a period of 12 months. ▪ During the audit we reviewed a number of examples of undercharging during the audit period by observing reversed invoices adjustments made in the licensee's billing system. 	<ul style="list-style-type: none"> ▪ Rio Tinto (WA) Core Services Water Bills Checklist (RTIO-AM-0169617) 	
The licensee must not charge interest or late payment fees on an undercharged amount.	109	Clause 16(4)	4	<ul style="list-style-type: none"> ▪ The licensee does not charge interest or late payment fees on undercharged amounts. ▪ During the audit we reviewed a number of examples of undercharging during the audit period by observing reversed invoices adjustments made in the licensee's billing system. We confirmed that interest or late payment fees are not charged on undercharged amounts. 	<ul style="list-style-type: none"> ▪ Interviews with licensee staff ▪ Examples of customer bills ▪ Rio Tinto - Pilbara electricity and water services - Bill review policy (RTIO-AM-0118756) ▪ Rio Tinto (WA) Core Services Water Bills Checklist (RTIO-AM-0169617) 	1
The licensee must allow a customer to pay an undercharged amount by way	110	Clause 16(5)	4	<ul style="list-style-type: none"> ▪ Customers are offered a repayment plan to pay off the undercharged amount if required. The length of the 	<ul style="list-style-type: none"> ▪ Interviews with licensee staff 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
of a repayment plan that has effect for the duration of shorter of the prescribed periods starting on the day that the bill in clause 16(3) is issued.				<p>plan will be the lesser of the following periods (starting on the day on which the bill is issued):</p> <ul style="list-style-type: none"> – a period for the same amount of time in which the undercharging occurred; or – a period of 12 months. <p>▪ However, the licensee is not aware of any instances of where a customer has paid an undercharged amount by way of a payment plan during the audit period. Therefore, this obligation has not been rated.</p>	<ul style="list-style-type: none"> ▪ Examples of customer bills ▪ Rio Tinto - Pilbara electricity and water services - Bill review policy (RTIO-AM-0118756) ▪ Rio Tinto (WA) Core Services Water Bills Checklist (RTIO-AM-0169617) 	
<p>Overcharging in bills</p> <p>If the licensee overcharges a customer, the licensee must credit the customer's account and must immediately afterwards notify the customer, or inform the customer of the overcharging and recommended options for refunding or crediting the overcharged amount.</p>	111	Clause 17(1)	4	<ul style="list-style-type: none"> ▪ The licensee informs customers of its processes for overcharging in bills in its Bill Review Policy. ▪ The policy states that: <i>"If it is found that you were overcharged, we will proceed with the following within 10 business days of becoming aware of the error:</i> <ul style="list-style-type: none"> – <i>If the amount is less than \$75, credit your account and advise you immediately; or</i> – <i>Inform you of the overcharging and pay the amount in accordance with your instructions (this may include a request for a refund via cheque) within 12 business days."</i> ▪ However, generally the licensee will issue a new bill to the customer if it is informed that the customer had been overcharged. During the audit we reviewed a number of examples 	<ul style="list-style-type: none"> ▪ Interviews with licensee staff ▪ Examples of customer bills ▪ Rio Tinto - Pilbara electricity and water services - Bill review policy (RTIO-AM-0118756) ▪ Rio Tinto (WA) Core Services Water Bills Checklist (RTIO-AM-0169617) 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				of overcharging during the audit period by observing reversed invoices adjustments made in the licensee's billing system. As a result, this obligation has not been rated.		
The licensee must, in accordance with the customer's instructions, refund or credit the customer's account within 15 business days from starting on the day the licensee receives the instructions.	112	Clause 17(2)	4	<ul style="list-style-type: none"> As noted above, processes associated with overcharging are set out in the Bill Review Policy. The licensee refunds or credits the customer's account immediately if the amount is less than \$75 or within 12 business days for greater amounts. However, generally the licensee will issue a new bill to the customer if it is informed that the customer had been overcharged. During the audit we reviewed a number of examples of overcharging during the audit period by observing reversed invoices adjustments made in the licensee's billing system. As a result, this obligation has not been rated. 	<ul style="list-style-type: none"> Interviews with licensee staff Examples of customer bills Rio Tinto - Pilbara electricity and water services - Bill review policy (RTIO-AM-0118756) Rio Tinto (WA) Core Services Water Bills Checklist (RTIO-AM-0169617) 	NR
Review of bills The licensee must review a bill on the customer's request.	113	Clause 18(1)	4	<ul style="list-style-type: none"> The licensee reviews bills when requested to by customers. The licensee's customers are informed of the right to have a bill reviewed on the back of each bill and in the licensee's Bill Review Policy. The policy is able to be viewed and downloaded from the licensee's website. During the audit we reviewed a number of examples of overcharging during the audit period by observing reversed invoices 	<ul style="list-style-type: none"> Interviews with licensee staff Examples of customer bills Rio Tinto - Pilbara electricity and water services - Bill review policy (RTIO-AM-0118756) Rio Tinto (WA) Core Services Water Bills Checklist (RTIO-AM-0169617) 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				adjustments made in the licensee's billing system. As a result, this obligation has not been rated.		
The licensee must have a written procedure for the review of a bill on the customer's request.	114	Clause 18(2)	4	<ul style="list-style-type: none"> ▪ The licensee's bill review processes and outline procedures are included in the Bill Review Policy. ▪ The licensee also has an internal checklist for the review of a bill on a customer's request. The checklist includes the detailed procedures used to review the bill and the questions/prompts to ask the customer. 	<ul style="list-style-type: none"> ▪ Interviews with licensee staff ▪ Rio Tinto - Pilbara electricity and water services - Bill review policy (RTIO-AM-0118756) ▪ Rio Tinto (WA) Core Services Water Bills Checklist (RTIO-AM-0169617) 	1
The review procedure in clause 18(2) must include the specified information and be publicly available.	115	Clauses 18(3) & (6)	4	<ul style="list-style-type: none"> ▪ The licensee's Bill Review Policy includes information about: <ul style="list-style-type: none"> – requesting a meter reading or testing as mentioned in clause 12(3)(c) and (d); – what happens if, on review, it is found that the customer has been undercharged or overcharged; – what the customer can do if unsatisfied with the outcome of the review. ▪ The policy is available on the licensee's website. Additionally, the licensee's Accessibility and Equal Opportunity Policy states that all publicly available documents are available in large print upon request at no charge. 	<ul style="list-style-type: none"> ▪ Interviews with licensee staff ▪ Rio Tinto - Pilbara electricity and water services - Bill review policy (RTIO-AM-0118756) ▪ Rio Tinto (WA) Core Services Water Bills Checklist (RTIO-AM-0169617) ▪ Rio Tinto - Pilbara electricity and water services - Accessibility and equal opportunity policy (RTIO-AM-0120724) 	1
The review procedure must state that the customer may, but does not have to, use the	116	Clause 18(4)	4	<ul style="list-style-type: none"> ▪ The Bill Review Policy informs customers <i>"If you do not wish to have your complaint handled by Rio</i> 	<ul style="list-style-type: none"> ▪ Interviews with licensee staff 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
licensee's complaints procedure mentioned in clause 35 before or instead of applying to the water services ombudsman or, if available, making an appeal from, or applying for a review or, the decision under regulations mentioned in section 222(2)(k) of the Act.				<p><i>Tinto, you may instead apply to the water services ombudsman. Please visit www.ombudsman.wa.gov.au for further information.</i></p> <ul style="list-style-type: none"> The Bill Review Policy also informs customers that <i>"If you are not satisfied with the outcome of the review of your bill, you can submit a complaint by completing a complaint form on our website... We will process your complaint in accordance with our Complaints and dispute resolution policy."</i> 	<ul style="list-style-type: none"> Rio Tinto - Pilbara electricity and water services - Bill review policy (RTIO-AM-0118756) Rio Tinto (WA) Core Services Water Bills Checklist (RTIO-AM-0169617) 	
The licensee must inform the customer of the outcome of a review of the customer's bill as soon as practicable or otherwise less than 15 business days from the day the customer's request for review was received.	117	Clause 18(5)	4	<ul style="list-style-type: none"> The Bill Review Policy informs customers <i>"We will inform you of the outcome of the bill review as soon as possible, and will make all reasonable endeavours to ensure this is within 15 business days from the date we received your request for review."</i> The licensee will issue a new bill to the customer if it is informed that the customer had been undercharged or overcharged. During the audit we reviewed a number of examples of overcharging during the audit period by observing reversed invoices adjustments made in the licensee's billing system. The adjustments are normally made at the time the customer calls in to have their bill reviewed. 	<ul style="list-style-type: none"> Interviews with licensee staff Rio Tinto - Pilbara electricity and water services - Bill review policy (RTIO-AM-0118756) 	1
When payment due if not set under regulations The time set by the licensee for the payment of a bill must	118	Clause 20	4	<ul style="list-style-type: none"> The licensee requires payments of its bills within 45 days of issue. This timeframe has recently changed with the replacement of the Utilities Management System (UMS) 	<ul style="list-style-type: none"> Interviews with licensee staff Examples of customer bills 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
be after 14 days from when the bill is issued.				with the Pilbara Utilities Customer Portal system in April 2016. Under UMS the time set for payment of the bill was 30 days after the bill was issued.		
<p>Payment methods</p> <p>The licensee must allow a customer to pay a bill using any of the prescribed methods selected by the customer.</p> <p>The prescribed methods are:</p> <ul style="list-style-type: none"> a) Direct debit b) Centrepay c) Internet d) Telephone e) Post 	119	Clause 21(1)	3	<ul style="list-style-type: none"> ▪ We reviewed the licensee's customer bill templates and confirmed that the template used for non-employee customers includes a payment slip that sets out the methods that the customer can use to pay their bill. This includes all of the prescribed methods. ▪ The licensee has a second bill template that is sent to customers who are employees. The payment of bills by Rio Tinto staff is carried out through an automatic wage deduction. As a result, the bills issued to company employees do not have a payment slip. However, the licensee has advised that employees can opt out of automatic wage deduction in order to pay their bills; in which case, the employee will receive a non-employee invoice. Currently, no employees have opted out of automatic wage deduction as their bill payment method. ▪ The payment methods are also advertised to customers in the Financial Hardship and Payment Difficulty Policy. ▪ The licensee sends out direct debit agreement forms to customers wishing to set up a direct debit to pay their bills. However, no 	<ul style="list-style-type: none"> ▪ Interviews with licensee staff ▪ Examples of customer bills ▪ Rio Tinto - Pilbara electricity and water services - Financial hardship and payment difficulty policy (RTIO-AM-0118449) ▪ ANZ Direct Debit Agreement Application Form ▪ Direct Debit Consent and Authority Form 	2

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<p>customers currently pay their bills using direct debit.</p> <ul style="list-style-type: none"> ▪ As noted above, most of the licensee's customers are staff and pay directly through a pay deduction from their wages. ▪ We note that in its 2013/14 Compliance Report, the licensee reported a non-compliance against this obligation as the Centrepay option was not offered at this time. None of the licensee's customers could select Centrepay as a payment method and the licensee did not hold a Centrepay account during the year. ▪ The 2013/14 Compliance Report informed the ERA that legal advice had been requested and the issue was still under review at the time that the report was submitted, with any actions to be completed depending on the legal review. ▪ The review was completed and the licensee now offers this option to customers. This was confirmed during the audit. ▪ As one of the payment options was not available to customers during part of the audit period, this obligation has been rated as non-compliant. This issue has now been resolved. 		
The licensee must, when offering bill payment method options, inform the customer of the fees and charges (if any)	120	Clause 21(2)	4	<ul style="list-style-type: none"> ▪ The license does not apply any additional fees and charges to different payment methods 	<ul style="list-style-type: none"> ▪ Interviews with licensee staff ▪ Examples of customer bills 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
associated with each bill payment method offered.						
Consent for direct debits Before receiving a bill payment by direct debit the licensee must obtain the express consent, either orally or in writing, of the holder of the account to be debited and of the customer or an adult person nominated by the customer, to do so.	121	Clause 22	4	<ul style="list-style-type: none"> As noted above in the observations made for Obligation 119, the licensee sends any customer wishing to set up a direct debit to pay their bill a consent and authority form and a service agreement form. These were observed at audit. The licensee has a written procedure for setting up direct debit payments from customers. As noted above, the licensee has not had any requests from customers wanting to pay their bills using direct debit. Therefore, this obligation has not been rated. The majority of the licensee's customers are staff and pay directly through a pay deduction from their wages. 	<ul style="list-style-type: none"> Interviews with licensee staff Examples of customer bills ANZ Direct Debit Agreement Application Form Direct Debit Consent and Authority Form 	NR
Payment in advance The licensee must accept payment in advance from a customer on a customer's request.	122	Clause 23(1)	4	<ul style="list-style-type: none"> The licensee accepts payment in advance from customers. Payments are credited to the customer's account. The licensee informs customers of this facility in the Financial Hardship and Payment Difficulty Policy. However, no payments in advance are thought to have occurred during the audit period. Therefore, this obligation has not been rated. 	<ul style="list-style-type: none"> Interviews with licensee staff Rio Tinto - Pilbara electricity and water services - Financial hardship and payment difficulty policy (RTIO-AM-0118449) 	NR
Free redirection in absence, illness The licensee must on request and at no charge redirect a	123	Clause 24	4	<ul style="list-style-type: none"> The licensee is able to redirect customer's bills on request and at no charge. 	<ul style="list-style-type: none"> Interviews with licensee staff Rio Tinto - Pilbara electricity and water 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
customer's bills because of the customer's absence or illness.				<ul style="list-style-type: none"> This provision is set out in the licensee's Financial Hardship and Payment Difficulty Policy. However, no requests for redirection of customer bills are thought to have been carried out during the audit period. Therefore, this obligation has not been rated. 	services - Financial hardship and payment difficulty policy (RTIO-AM-0118449)	
Assistance for customers experiencing payment difficulties The licensee must allow a customer to pay a bill under a payment plan or other arrangement under which the customer is given more time to pay the bill or to pay arrears if the customer is assessed by the licensee as experiencing payment difficulties.	124	Clause 25	4	<ul style="list-style-type: none"> The licensee allows customers to pay bills under a payment plan or other arrangement. Both the previous Utilities Management System and the new Pilbara Utilities Customer Portal are able to create payment plans for customers. Information on payment plans is set out in the licensee's Financial Hardship and Payment Difficulty Policy. The majority of the licensee's customers are staff and pay directly through a pay deduction from their wages. The licensee has not set up any payment plans for customers experiencing payment difficulties during the audit period. Therefore, this obligation has not been rated. 	<ul style="list-style-type: none"> Interviews with licensee staff Rio Tinto - Pilbara electricity and water services - Financial hardship and payment difficulty policy (RTIO-AM-0118449) 	NR
Financial hardship policy The licensee must have a written policy in relation to financial hardship that is approved by the Authority.	125	Clauses 26(1) & (2)	4	<ul style="list-style-type: none"> The licensee has a written Financial Hardship and Payment Difficulty Policy that was approved by the ERA. The licensee submitted an updated Financial Hardship and Payment Difficulty Policy to the ERA in March 2016. The ERA required an 	<ul style="list-style-type: none"> Interviews with licensee staff Rio Tinto - Pilbara electricity and water services - Financial hardship and payment 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<p>amendment to the updated policy and final approval of the updated policy was confirmed in writing by the ERA on 14 July 2016. Therefore, the licensee's current policy has been approved by the ERA.</p>	<p>difficulty policy (RTIO-AM-0118449)</p> <ul style="list-style-type: none"> Correspondence Register Letter from Authority dated 14 July 2016 regarding approval of the amended policy. 	
<p>If the licensee's licence was in place before the commencement of the Act, the licensee must have a financial hardship policy before the end of the 6 month period starting on the day on which section 27 of the Act comes into effect.</p>	126	Clause 26(3)	4	<ul style="list-style-type: none"> The licensee had a licence in place before the commencement of the Act (version 6 of its licence which commenced 8 October 2012) and a new version of its licence came into effect on the same day that the Act came into effect, 18 November 2013. Therefore the licensee was required to have a financial hardship policy before the end of the 6 month period starting on the day on which section 27 of the Act comes into effect. Section 27 of the Act commenced on 18 November 2013 (See Note 1 to the Act) and, therefore, the licensee was required to have a Financial Hardship Policy by 18 May 2014. The licensee originally submitted its Financial Hardship Policy to the Authority on 14 February 2014 for approval. The document was resubmitted on 3 April 2014 and was approved by the Authority on 16 May 2014. 	<ul style="list-style-type: none"> Interviews with licensee staff Rio Tinto - Pilbara electricity and water services - Financial hardship and payment difficulty policy (RTIO-AM-0118449) Correspondence Register 	1
<p>If the licensee's licence was granted after the day on which the Act came into effect, the</p>	127	Clause 26(4)	4	<ul style="list-style-type: none"> The licensee was granted a licence before commencement of the Act. 	<ul style="list-style-type: none"> Interview with licensee staff 	NA

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
licensee must have a financial hardship policy within 6 months of the day of the grant of the license.				Therefore, this obligation is not applicable.		
The licensee's financial hardship policy must be publicly available.	128	Clause 26(5)	4	<ul style="list-style-type: none"> ▪ The Financial Hardship and Payment Difficulty Policy is currently available on the licensee's website. ▪ We accessed the Financial Hardship and Payment Difficulty Policy at audit. ▪ The licensee has also advised that a hard copy of the Financial Hardship Policy is available upon request either via e-mail or the help desk. Additionally, the licensee's Accessibility and Equal Opportunity Policy states that all publicly available documents are available in large print upon request at no charge. 	<ul style="list-style-type: none"> ▪ Interviews with licensee staff ▪ Rio Tinto - Pilbara electricity and water services - Financial hardship and payment difficulty policy (RTIO-AM-0118449) ▪ Access to the licensee's website ▪ Rio Tinto - Pilbara electricity and water services - Accessibility and equal opportunity policy (RTIO-AM-0120724) 	1
The licensee must review its financial hardship policy at least once in every 5 year period and, as part of the review process, consult with relevant consumer organisations.	129	Clauses 26(6)	4	<ul style="list-style-type: none"> ▪ The licensee's original Financial Hardship Policy submission was approved in May 2014 and, therefore, needs to be reviewed before May 2019. ▪ The licensee submitted an updated Financial Hardship and Payment Difficulty Policy to the ERA in March 2016. The ERA required an amendment to the updated policy and final approval of the updated policy was confirmed in writing by the ERA on 14 July 2016. Therefore, the licensee's current policy has been approved by the ERA. 	<ul style="list-style-type: none"> ▪ Interviews with licensee staff ▪ Rio Tinto - Pilbara electricity and water services - Financial hardship and payment difficulty policy (RTIO-AM-0118449) ▪ Correspondence Register ▪ Letter from Authority dated 14 July 2016 regarding approval of the amended policy. 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<ul style="list-style-type: none"> FDMS, the licensee's document management system has a two year review period for all the policies and procedures it stores. Therefore, the March 2016 review was an internal review and update rather than an external requirement to review the Financial Hardship and Payment Difficulty Policy. The next review is automatically scheduled for March 2018. The five year review required by May 2019 will include consultation with relevant consumer organisations, as required by the obligation. 		
Assistance for customers experiencing financial hardship The licensee must allow a customer experiencing financial hardship to pay a bill under an interest-free or fee-free payment plan other arrangement under which the customer is given more time to pay the bill or to pay arrears.	130	Clause 27(2)	4	<ul style="list-style-type: none"> The licensee allows customers to pay bills under a payment plan or other arrangement that does not incur interest or fees. Information on payment plans is set out in the Financial Hardship and Payment Difficulty Policy. The licensee offers assistance to customers through "An interest-free and fee-free payment plan or other arrangement under which you are given more time to pay the bill or to pay arrears (including any disconnection and reconnection charges)" The licensee has not set up any payment plans for customers experiencing payment difficulties during the audit period. Therefore, this obligation has not been rated. 	<ul style="list-style-type: none"> Interviews with licensee staff Rio Tinto - Pilbara electricity and water services - Financial hardship and payment difficulty policy (RTIO-AM-0118449) 	NR
The licensee must also consider reducing the amount owed, review and revise, if	131	Clause 27(3)	4	<ul style="list-style-type: none"> The licensee will consider writing off amounts owed to it in certain circumstances. The Financial 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
appropriate, how a customer is paying a bill under clause 27(2) and provide the specified written information to a customer.				<ul style="list-style-type: none"> Hardship and Payment Difficulty Policy informs customers that for residential customers experiencing financial hardship <i>"we will always consider reducing or waiving an outstanding amount (including any fees or charges) on your account where we consider it to be appropriate by reference to our guidelines"</i>. No write-offs have occurred during the audit period. Therefore, this obligation has not been rated. 	<ul style="list-style-type: none"> Rio Tinto - Pilbara electricity and water services - Financial hardship and payment difficulty policy (RTIO-AM-0118449) 	
<p>Matters relating to customers experiencing payment difficulties or financial hardship</p> <p>Before the licensee enters into a payment plan or other similar arrangement with a customer who is not the owner of the land in respect of which the water service is provided, the licensee must ensure that the owner is aware of the proposed plan or arrangement.</p>	132	Clause 28(1)	4	<ul style="list-style-type: none"> The Financial Hardship and Payment Difficulty Policy informs customers looking to enter into a payment plan or other similar agreement that <i>"If you are a tenant, we must make sure that the land owner is aware of us giving you an extension or entering into a payment plan with you before we do so. We can agree that you notify the land owner of the proposed extension or payment plan (and provide us with evidence that you have done so), or you can give us permission to notify the land owner."</i> During the audit period, the licensee has not had to make a property owner aware of a proposed plan or arrangement. Therefore, this obligation has not been rated. 	<ul style="list-style-type: none"> Interviews with licensee staff Rio Tinto - Pilbara electricity and water services - Financial hardship and payment difficulty policy (RTIO-AM-0118449) 	NR
The licensee must have publicly available written information regarding the payment plans, arrangements	133	Clauses 28(4) & (5)	4	<ul style="list-style-type: none"> Written information regarding the payment plans, arrangements and other assistance that is available to customers is available in the 	<ul style="list-style-type: none"> Interviews with licensee staff Rio Tinto - Pilbara electricity and water services - Financial 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
and other assistance that is available to customers.				licensee's Financial Hardship and Payment Difficulty Policy. <ul style="list-style-type: none"> The Financial Hardship Policy is publicly available on the licensee's website. The licensee has also advised that a hard copy of the Financial Hardship Policy is available upon request either via e-mail or the help desk. Additionally, the licensee's Accessibility and Equal Opportunity Policy states that all publicly available documents are available in large print upon request at no charge. 	hardship and payment difficulty policy (RTIO-AM-0118449) <ul style="list-style-type: none"> Access to the licensee's website Rio Tinto - Pilbara electricity and water services - Accessibility and equal opportunity policy (RTIO-AM-0120724) 	
No debt collection in certain cases The licensee must not commence or continue proceedings to recover a debt from a customer who is complying with a payment plan or other arrangement, or who is being assessed for payment difficulties or who is being assessed for financial hardship.	134	Clause 29	4	<ul style="list-style-type: none"> The licensee does not collect debts where a customer is in a payment arrangement. Information on payment plans is set out in the Financial Hardship and Payment Difficulty Policy. The licensee offers assistance to customers through "A suspension of actions to recover an outstanding debt if you are complying with a payment plan or other arrangement under this policy, or while your situation is being assessed." 	<ul style="list-style-type: none"> Interviews with licensee staff Rio Tinto - Pilbara electricity and water services - Financial hardship and payment difficulty policy (RTIO-AM-0118449) 	1
Restoration of drinking water supply If the licensee has reduced the rate of flow of drinking 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	135	Clause 30(1)	4	<ul style="list-style-type: none"> Although the licensee's Financial Hardship and Payment Difficulty Policy includes a section related to Reduced or Disconnected Services, in practice the licensee does not do this. No customers have entered into a payment arrangement during the audit period and, therefore, no 	<ul style="list-style-type: none"> Interviews with licensee staff Rio Tinto - Pilbara electricity and water services - Financial hardship and payment difficulty policy (RTIO-AM-0118449) 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
payment arrangement for the amount owing that is satisfactory to the licensee.				customers have had their water supply restored. As a result, this obligation has not been rated.		
If the licensee has, under section 95(1)(a), (c), (d) or (e) of the Act, cut off or reduced the flow of drinking water, the licensee must restore the supply of water if the licensee is satisfied that the reason for the disconnection or reduction no longer applies.	136	Clause 30(2)	4	<ul style="list-style-type: none"> Although the licensee's Financial Hardship and Payment Difficulty Policy includes a section related to Reduced or Disconnected Services, in practice the licensee does not do this. No customers have had their drinking water supply cut off or reduced during the audit period, therefore, no customers have had their water supply restored. As a result, this obligation has not been rated. 	<ul style="list-style-type: none"> Interviews with licensee staff Rio Tinto - Pilbara electricity and water services - Financial hardship and payment difficulty policy (RTIO-AM-0118449) 	NR
The licensee must not, under section 95(1)(b) of the Act, reduce the rate of flow of drinking water to a customer without having first used its best endeavours to inform the customer in person of its intention to do so if the amount owing is not paid.	137	Clause 31	4	<ul style="list-style-type: none"> Although the licensee's Financial Hardship and Payment Difficulty Policy includes a section related to Reduced or Disconnected Services, in practice the licensee does not do this. No customers have had their drinking water supply cut off or reduced during the audit period, therefore, no customers have had their water supply restored. As a result, this obligation has not been rated. 	<ul style="list-style-type: none"> Interviews with licensee staff Rio Tinto - Pilbara electricity and water services - Financial hardship and payment difficulty policy (RTIO-AM-0118449) 	NR
The licensee must not reduce the rate of flow of drinking water under the Act if the specified circumstances apply.	138	Clause 32	4	<ul style="list-style-type: none"> Although the licensee's Financial Hardship and Payment Difficulty Policy includes a section related to Reduced or Disconnected Services, in practice the licensee does not do this. No customers have had their drinking water supply cut off or 	<ul style="list-style-type: none"> Interviews with licensee staff Rio Tinto - Pilbara electricity and water services - Financial hardship and payment difficulty policy (RTIO-AM-0118449) 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				reduced during the audit period, therefore, no customers have had their water supply restored. As a result, this obligation has not been rated.		
The licensee must not reduce the rate of flow of water to a customer to below 2.3 litres each minute.	139	Clause 33	4	<ul style="list-style-type: none"> Although the licensee's Financial Hardship and Payment Difficulty Policy includes a section related to Reduced or Disconnected Services, in practice the licensee does not do this. No customers have had their drinking water supply cut off or reduced during the audit period, therefore, no customers have had their water supply restored. As a result, this obligation has not been rated. 	<ul style="list-style-type: none"> Interviews with licensee staff Rio Tinto - Pilbara electricity and water services - Financial hardship and payment difficulty policy (RTIO-AM-0118449) 	NR
The licensee (other than the Water Corporation) must restore a water supply to land within the specified timeframe, unless the licensee and customer expressly agree otherwise.	142	Clauses 34(4)	4	<ul style="list-style-type: none"> Although the licensee's Financial Hardship and Payment Difficulty Policy includes a section related to Reduced or Disconnected Services, in practice the licensee does not do this. No customers have had their drinking water supply cut off or reduced during the audit period, therefore, no customers have had their water supply restored. As a result, this obligation has not been rated. 	<ul style="list-style-type: none"> Interviews with licensee staff Rio Tinto - Pilbara electricity and water services - Financial hardship and payment difficulty policy (RTIO-AM-0118449) 	NR
The licensee (other than the Water Corporation) must ensure that there is a 90% compliance rate with clause 34(4) in any 12 month period ending on 30 June.	144	Clauses 34(6)	4	<ul style="list-style-type: none"> Although the licensee's Financial Hardship and Payment Difficulty Policy includes a section related to Reduced or Disconnected Services, in practice the licensee does not do this. 	<ul style="list-style-type: none"> Interviews with licensee staff Rio Tinto - Pilbara electricity and water services - Financial hardship and payment 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<ul style="list-style-type: none"> No customers have had their drinking water supply cut off or reduced during the audit period, therefore, no customers have had their water supply restored. As a result, this obligation has not been rated. 	<ul style="list-style-type: none"> difficulty policy (RTIO-AM-0118449) 	
<p>Procedure for dealing with complaints about water services</p> <p>The licensee must have a written complaints procedure in relation to investigating and dealing with complaints of customers about the provision of water services by the licensee or a failure by the licensee to provide a water service.</p>	145	Clause 35(1)	4	<ul style="list-style-type: none"> The licensee has a Complaint and Dispute Resolution Policy which outlines procedures for lodging complaints, how the complaint will be resolved, and how the complaint can be escalated, including referring complaints to independent parties. The policy is available to customers on the licensee's website. The licensee's Customer Charter also sets out the complaints process. This document is also available via the licensee's website. The licensee's Financial Hardship and Payment Difficulty Policy also informs customers of the complaints handling process and also includes a section for external review, with the contact details for the Energy and Water Ombudsman provided. Complaints may be made in writing, by telephone, by email or by the web form on the licensee's website. Complaints can also be received in person at the licensee's offices although these are restricted to closed mine sites. The licensee manages customer complaints in accordance with its Core Services Customer Complaints Resolution Guideline. 	<ul style="list-style-type: none"> Interviews with license staff Rio Tinto Customer Charter – Utilities water and wastewater services, December 2011 Annual Performance Reports (2013, 2014) Review of complaints recorded in RTTS Rio Tinto – Core Services – Guidance Note – Core Services Customer Complaints Resolution Guideline (RTIO-AM-0098613) Rio Tinto - Pilbara electricity and water services - Complaint and dispute resolution policy (RTIO-AM-0118755) Rio Tinto - Pilbara electricity and water services - Financial hardship and payment difficulty policy (RTIO-AM-0118449) 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<p>The Guideline sets out the Purpose, Applicable Documents, Acronyms & Terms, Accessibility and Visibility, the Complaints Resolution Guide, Complaints Process maintenance, Review and Improvement, Training and Document Management & Record Keeping.</p>		
				<ul style="list-style-type: none"> ▪ All water supply and sewerage complaints are recorded in the RTTMS (Rio Tinto Ticketing Management System). ▪ The system can report complaints based on a date range but a manual review is required to separate out the water and sewerage complaints. The raw data is exported to Excel for this process. ▪ We reviewed the complaints data reported from RTTMS and confirmed that for 2013/14, the licensee received six water and sewerage customer complaints and resolved five of these within 15 business days. This reconciles with the data reported by the licensee in its annual performance report. Therefore, although the licensee achieved an 83.3% performance in 2013/14, the requirement to achieve a target of 90% of customer complaints resolved within 15 business days was no longer required for the year. ▪ We reviewed the complaints data for 2014/15 and observed that the licensee received three water and sewerage customer complaints. This consisted of one water 		

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				complaint and two sewerage complaints. All three complaints were resolved within 15 business days. <ul style="list-style-type: none"> ▪ We confirmed that the complaints data recorded in RTTS reconciled with the breakdown of data reported by the licensee in its annual performance report for both years. ▪ We reviewed the complaints data for 2015/16 and observed that the licensee has not received any customer complaints for the year. The annual performance report submission has yet to be prepared for the year. 		
The licensee's complaints procedure must be developed using as minimum standards the relevant provisions of the AS ISO 10002-2006 and the Authority's guidelines (if any).	146	Clause 35(2)	4	<ul style="list-style-type: none"> ▪ The Customer Complaints Resolution Guideline states that it provides an outline of obligations regarding customer complaints pursuant to a number of frameworks, including "Australian Standard Customer Satisfaction – Guidelines for complaints handling in organisations (AS ISO 10002-2006 (AS ISO Complaints Standard))". ▪ The main components of a complaints procedure under AS ISO10002-2006 (now superseded by the 2014 version) are: <ul style="list-style-type: none"> – Commitment – Supporting policy and procedures – Defined responsibilities – Staff awareness 	<ul style="list-style-type: none"> ▪ Interviews with licensee staff ▪ Rio Tinto – Core Services – Guidance Note – Core Services Customer Complaints Resolution Guideline (RTIO-AM-0098613) 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<ul style="list-style-type: none"> ▪ Appendix A of the Standard provides guidance for small organisations in order to highlight the key areas where a small organisation can focus its attention to achieve maximum effectiveness and efficiency in its complaint management system. The main components covered in Appendix A of the Standard are: <ul style="list-style-type: none"> (i) Welcome complaints (ii) Clear process (iii) Staff awareness (iv) Lowest level resolution (v) Acknowledge receipt of all complaints (vi) Assess the complaint (vii) Manage expectations (viii) Inform the complainant about the outcome of their complaint (ix) Record keeping (x) Review all complaint data ▪ The licensee's Customer Complaints Resolution Guideline includes sections on: <ul style="list-style-type: none"> – Purpose – Applicable Documents – Acronyms and Terms – Accessibility and Visibility – Complaint Resolution Guide 		

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<ul style="list-style-type: none"> - Complaints Process Maintenance, review and Improvement - Training - Document Management and Record Keeping ▪ Based on our review of the licensee's The Customer Complaints Resolution Guideline, we consider that the information that forms the licensee's procedure is in accordance with the AS 10002-2014 guidance for small organisations included in Appendix A of the Standard. 		
The licensee's complaints procedure must provide for the matters specified in relation to lodgement of complaints, responding to complaints, dispute resolution arrangements and resolving complaints.	147	Clauses 35(3)	4	<ul style="list-style-type: none"> ▪ The licensee's Customer Complaints Resolution Guideline addresses all of the matters under this obligation. This includes how complaints are lodged and recorded, time limits for responding to complaints, dispute resolution arrangements and resolving a complaint within 15 days. ▪ An overview of the complaints process is also included in the 'Customer Complaints' section of the licensee's Customer Charter. ▪ The licensee's Financial Hardship and Payment Difficulty Policy also informs customers of the complaints handling procedures and provides the contact details for the Energy and Water Ombudsman. ▪ Section 4.4 (Completion of Complaint) of the Customer Complaints Resolution Guideline 	<ul style="list-style-type: none"> ▪ Interviews with license staff ▪ Rio Tinto Customer Charter – Utilities water and wastewater services, December 2011 ▪ Annual Performance Reports (2013, 2014) ▪ Review of complaints recorded in RTTS ▪ Rio Tinto – Core Services – Guidance Note – Core Services Customer Complaints Resolution Guideline (RTIO-AM-0098613) ▪ Rio Tinto - Pilbara electricity and water services - Complaint and dispute resolution policy (RTIO-AM-0118755) 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<p>sets out the process for “if the customer wishes to pursue internal or external review methods.” In these cases, the complaint is kept open in RTTMS until the review proceedings have been completed.</p> <ul style="list-style-type: none"> In addition, the Complaints and Dispute Resolution Policy that is available to customers on the licensee’s website includes a section of ‘How I can escalate my complaint’ that informs customers of the internal review escalation process and the ability to refer it to an external body. Contact details for the Energy and Water Ombudsman are provided, as are the contact details for the Australian Competition and Consumer Commission (ACCC). During our review of the customer complaints, we confirmed that the licensee has not had any complaints referred to it through the Energy and Water Ombudsman. We confirmed that only one customer complaint has taken more than 15 days to resolve during the audit period. 	<ul style="list-style-type: none"> Rio Tinto - Pilbara electricity and water services - Financial hardship and payment difficulty policy (RTIO-AM-0118449) 	
<p>The licensee’s complaints procedure must:</p> <ul style="list-style-type: none"> inform the customer that they do not have to use the licensee’s complaints procedure, provide details of procedures under the Act, and 	148	Clauses 35(4)	4	<ul style="list-style-type: none"> The licensee’s Customer Complaints Resolution Guideline procedure includes a section on external reviews and informing the customer of taking their complaint to an external body to review, with details of the Energy and Water Ombudsman provided in the document. 	<ul style="list-style-type: none"> Interviews with license staff Rio Tinto Customer Charter – Utilities water and wastewater services, December 2011 Annual Performance Reports (2013, 2014) Review of complaints recorded in RTTS 	2

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
<ul style="list-style-type: none"> ▪ set out the costs and benefits to the customer if the use the complaint resolution procedure or instead of the procedures under the Act. 				<ul style="list-style-type: none"> ▪ In addition, as noted above, the Complaints and Dispute Resolution Policy that is available to customers on the licensee's website includes a section of 'How I can escalate my complaint' that informs customers of the internal review escalation process and the ability to refer it to an external body. Contact details for the Energy and Water Ombudsman are provided, as are the contact details for the Australian Competition and Consumer Commission (ACCC). ▪ Customers are also informed of not having to use the licensee's complaint procedure in the licensee's Financial Hardship and Payment Difficulty Policy. Contact details for the Energy and Water Ombudsman are provided. ▪ An overview of the complaints process is also included in the 'Customer Complaints' section of the licensee's Customer Charter. We have previously noted that the version of the Charter retained by the licensee is from December 2011 and provides reference and contact details to the Department of Water. We have previously recommended that the licensee update the Customer Charter to remove the references to the Department of Water and update them with details for the Energy and Water Ombudsman. ▪ However, based on our review of the licensee's Customer Complaints 	<ul style="list-style-type: none"> ▪ Rio Tinto – Core Services – Guidance Note – Core Services Customer Complaints Resolution Guideline (RTIO-AM-0098613) ▪ Rio Tinto - Pilbara electricity and water services - Complaint and dispute resolution policy (RTIO-AM-0118755) ▪ Rio Tinto - Pilbara electricity and water services - Financial hardship and payment difficulty policy (RTIO-AM-0118449) 	

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<p>Resolution Guideline and Complaints, we consider that the procedures does not address all of the matters under this obligation.</p> <ul style="list-style-type: none"> ▪ The information provided by the licensee does not set out the costs and benefits to the customer if they use the complaint resolution procedure instead of the procedures under the Act. ▪ In addition, the licensee's procedure does not provide any information related to the provision for customer to appeals from, or the review of, decisions using the procedures under the <i>Water Services Act 2012</i>, including applications to the State Administrative Tribunal for the review of such decisions. ▪ We consider these omissions to be minor non-conformances. We recommend that the licensee reviews the information provided in the Complaints and Dispute Resolution Policy, the Customer Complaints Resolution Guideline and the Financial Hardship and Payment Difficulty Policy to provide details of the costs and benefits to the customer if they use the complaint resolution procedure instead of the procedures under the Act. We recommend that the licensee also include information related to the customer's ability to make an application for an appeal or apply for a review of the decision that gave rise to the complaint to the State Administrative Tribunal. 		

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
The licensee's complaints procedure must be publicly available.	149	Clauses 35(6)	4	<ul style="list-style-type: none"> ▪ The licensee has a Complaint and Dispute Resolution Policy which outlines procedures for lodging complaints, how the complaint will be resolved, and how the complaint can be escalated, including referring complaints to independent parties. The policy is available to customers on the licensee's website. ▪ The licensee's Customer Charter also sets out the complaints process. This document is also available via the licensee's website. ▪ The licensee's Financial Hardship and Payment Difficulty Policy also informs customers of the complaints handling process and is also available on the licensee's website. ▪ Additionally, the licensee's Accessibility and Equal Opportunity Policy states that all publicly available documents are available in large print upon request at no charge. ▪ The licensee's Customer Complaints Resolution Guideline is an internal document that the licensee uses to manage the complaints process. 	<ul style="list-style-type: none"> ▪ Interviews with license staff ▪ Rio Tinto Customer Charter – Utilities water and wastewater services, December 2011 ▪ Rio Tinto - Pilbara electricity and water services - Complaint and dispute resolution policy (RTIO-AM-0118755) ▪ Rio Tinto - Pilbara electricity and water services - Financial hardship and payment difficulty policy (RTIO-AM-0118449) ▪ Rio Tinto - Pilbara electricity and water services - Accessibility and equal opportunity policy (RTIO-AM-0120724) 	1
Services to be provided without charge The licensee must provide a customer with the specified services on request and at no charge.	150	Clause 36(1)	4	<ul style="list-style-type: none"> ▪ The licensee makes the services set out in Clause 36(1) of the Code available to customers at no charge. ▪ The licensee has in place an Accessibility and Equal Opportunity Policy that is available to be viewed or downloaded from the licensee's website. This provides information 	<ul style="list-style-type: none"> ▪ Interviews with licensee staff ▪ Rio Tinto - Pilbara electricity and water services - Accessibility and equal opportunity policy (RTIO-AM-0120724) 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				about the services that the licensee offers, including large print copies, interpreter services and account, payment and general enquiry services for customers with hearing or speech impairments.	<ul style="list-style-type: none"> ▪ Rio Tinto - Pilbara electricity and water services - Bill review policy (RTIO-AM-0118756) ▪ Rio Tinto - Pilbara electricity and water services - Complaint and dispute resolution policy (RTIO-AM-0118755) ▪ Rio Tinto - Pilbara electricity and water services - Financial hardship and payment difficulty policy (RTIO-AM-0118449) 	
The licensee must provide a customer with the specified services on request and at no charge	151	Clause 36(1)	4	<ul style="list-style-type: none"> ▪ We have observed that many of the licensee's key publicly available documents, e.g. the Complaint and Dispute Resolution Policy, the Financial Hardship and Payment Difficulty Policy, the Bill Review Policy and the Invoicing and Meter Reading Policy include the accessibility information. ▪ The licensee has not had any requests to provide any of the specified services listed during the audit period. As a result, this obligation has not been rated. 	<ul style="list-style-type: none"> ▪ Repeat of 150 in compliance manual 	
The licensee must make available to each customer the customer's personal account information.	152	Clause 36(2)	4	<ul style="list-style-type: none"> ▪ The licensee provides account information, such as current account balance, when requested. ▪ The licensee has a Privacy Policy that informs customers how personal information is collected and used, accuracy and security measures, and the customers' rights to access personal data for inquiries, access and correction. ▪ The licensee does not record when customers request this information and does not recall responding to 	<ul style="list-style-type: none"> ▪ Interviews with licensee staff ▪ Rio Tinto - Pilbara electricity and water services – Privacy Policy (RTIO-AM-0118743) 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				any requests during the audit period. As a result, this obligation has not been rated.		
Information to be publicly available The licensee must make the prescribed information publicly available.	153	Clause 37(1)	4	<ul style="list-style-type: none"> ▪ The licensee makes the required information publicly available as follows: <ul style="list-style-type: none"> (a) The basis for the licensee's tariffs and charges are publicly available on the licensee's website in the Tariffs and Charges Policy. An active hyperlink is included in the document to the area of the licensee's website where the current year tariffs and charges are posted. (b) Bill payment methods are available on the payment slip section of customer bills, in the 'How can I pay my bill' section of the Financial Hardship and Payment Difficulty Policy and the 'Payment Methods' section of the Invoicing and Meter Reading Policy. The licensee does not charge any additional fees for using different payment methods. (c) Exemptions, rebates, discounts are included on the customer's bills when they are applied. Information regarding the exemptions, rebates, discounts that customers may be entitled to are 	<ul style="list-style-type: none"> ▪ Interviews with licensee staff ▪ Rio Tinto - Pilbara electricity and water services - Tariff and charges policy (RTIO-AM-0118636) ▪ Rio Tinto - Pilbara electricity and water services - Financial hardship and payment difficulty policy (RTIO-AM-0118449) ▪ Rio Tinto – Pilbara electricity and water services – Invoicing and meter reading policy (RTIO-AM-0118753) ▪ Rio Tinto - Pilbara electricity and water services - Community subsidies and concessions policy (RTIO-AM-0118637) ▪ Rio Tinto - Pilbara electricity and water services – Standard connections for water, sewerage and electricity supply (RTIO-AM-0118754) Rio Tinto - Pilbara electricity and water services – Sustainable and efficient use	2

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<p>advertised in the Community Subsidies and Concessions Policy. This document is available to be downloaded from the licensee's website.</p> <p>(d) The licensee has in place an Accessibility and Equal Opportunity Policy that is available to be viewed or downloaded from the licensee's website. This provides information about the services that the licensee offers, including large print copies, interpreter services and account, payment and general enquiry services for customers with hearing or speech impairments. We have observed that many of the licensee's key publicly available documents, e.g. the Complaint and Dispute Resolution Policy, the Financial Hardship and Payment Difficulty Policy, the Bill Review Policy and the Invoicing and Meter Reading Policy include the accessibility information.</p> <p>(e) The Conditions of Connections section of the licensee's Customer Charter sets out the licensee's powers in relation to entry of property. It is also set out in the</p>	<p>of water and electricity policy (RTIO-AM0118745)</p>	

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<p>Interruption to Supply section of the Standard Connections for Water, Sewerage and Electricity Supply document. However, neither of these documents, nor the Invoicing and Meter Reading Policy, clearly informs customers with regard to the power of a person authorised under section 129 to enter a place without consent, notice or warrant to read a meter connected to the licensee's water service works. We consider this a minor non-compliance and recommend that the licensee adds appropriate text to at least one of these documents.</p>		
				<p>(f) The obligations of the customer under the regulations to ensure that access to a meter is available are provided in the Invoicing and Meter Reading Policy and the Standard Connections for Water, Sewerage and Electricity Supply.</p>		
				<p>(g) Information on reduced and disconnected services is also included in the Financial Hardship and Payment Difficulty Policy. It is also included in the</p>		

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<p>Standard Connections for Water, Sewerage and Electricity Supply document.</p> <p>(h) Customers are informed that the licensee's power as mentioned in Clause 37(1)(g) may be exercised under the conditions included in 37(1)(h) in the Financial Hardship and Payment Difficulty Policy.</p> <p>(i) Although reduced services and disconnections are set out in the Financial Hardship and Payment Difficulty Policy, the information provided does not specify that the supply of water cannot be cut off to an occupied dwelling unless the occupier agrees to it. The Policy does inform customers that <i>"It is our general policy to only reduce or disconnect services in health or safety emergencies. Will generally avoid this approach for the non-payment of bills."</i> Although the licensee does not cut off the water supply to its customers, we recommend that it updates the Financial Hardship and Payment Difficulty Policy to inform customers of the requirements of 37(1)(i) of the Code.</p>		

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				(j) The quality of water and its management is set out in the Customer Charter and also in the 'Our Commitment' section of the Standard Connections for Water, Sewerage and Electricity Supply document. (k) The licensee makes information about the sustainable use of water publicly available in its Sustainable and Efficient Use of Water and Electricity Policy. This is available on the licensee's website. A section on Water Use and Conservation is also included in the Financial Hardship and Payment Difficulty Policy. ■ Planned and unplanned interruptions or other incidents that may significantly affect the provision of water services to customers are covered in the 'Interruption to Supply' section of the Standard Connections for Water, Sewerage and Electricity Supply document. Information is also included in the 'Limitation or Withdrawal of Service' and 'Service Interruptions' sections of the Customer Charter.		
The licensee must ensure that the specified information about bill may be obtained from its website.	154	Clause 37(2)	4	■ The customer is informed of the processes for estimated bill readings in the Bill Review Policy. The policy also includes information regarding meter read requests and	■ Rio Tinto - Pilbara electricity and water services - Bill review policy (RTIO-AM-0118756)	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
[Obligation came into operation on 18 November 2015]				bills outside the usual billing cycle and meter read requests and revised bills if the customer disputes an estimation on which a bill has been based. The policy is able to be viewed and downloaded from the licensee's website.		
Accounting Records (Clause 12)						
The licensee and any related body corporate must maintain accounting records that comply with the Australian Accounting Standards Board Standards or equivalent International Accounting Standards.	160	Section 12	4	<ul style="list-style-type: none"> ▪ Whole-of-business financial statements are prepared and included in the Rio Tinto Annual Reports. These are available from the Rio Tinto website. ▪ The financial statements do not include a breakdown to show the financials associated with the water and sewerage services provided by the licensee. ▪ The annual reports include a section on 'Reconciliation with Australian Accounting Standards'. This notes that <i>"The Group's financial statements have been prepared in accordance with IFRS, which differs in certain respects from the version of International Financial Reporting Standards that is applicable in Australia, referred to as Australian Accounting Standards (AAS). Prior to 1 January 2004, the Group's financial statements were prepared in accordance with UK GAAP. Under IFRS, as defined in note 1, goodwill on acquisitions prior to 1998, which was eliminated directly against equity in the Group's UK GAAP financial statements, has not</i> 	<ul style="list-style-type: none"> ▪ Interviews with licensee staff ▪ Review of financial statements in annual reports 2013/14 and 2014/15 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<p><i>been reinstated. This was permitted under the rules governing the transition to IFRS set out in IFRS 1. The equivalent Australian Standard, AASB 1, does not provide for the netting of goodwill against equity....Save for the exception described above, the Group's financial statements drawn up in accordance with IFRS are consistent with the requirements of AASB.</i></p>		
Individual Performance Standards (Clause 13)						
The licensee must comply with any individual performance standards prescribed by the Authority.	161	Section 12	5	<ul style="list-style-type: none"> ▪ The licensee has an individual performance standards specified in Schedule 3 of its Version 7 operating licence related to pressure and flow standards. <ul style="list-style-type: none"> – The minimum standard for the static pressure of the potable supply is 15 metres of water – The maximum standard for the static pressure of the potable supply is 100 metres of water. – The minimum standard for the flow of the potable supply is 20 litres per minute ▪ The standards apply to each of the licensee's three potable water supply networks. ▪ The licensee informs its customer of its water pressure and flow standards in a section on the Customer Charter titled: "Water Pressure and Flow". 	<ul style="list-style-type: none"> ▪ Interviews with licensee staff ▪ Rio Tinto Customer Charter – Utilities water and wastewater services, December 2011 ▪ Flow and Pressure Annual Test Results, 2013/14, 2014/15 and 2015/16 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<ul style="list-style-type: none"> ▪ The licensee has bulk flow meters within each of its towns and also conducts pressure and flow tests annually in each of its water supply systems, using a selection of properties within each town. The properties used in the annual tests rotates from year-to-year and the licensee selects some properties at the end of the lines as part of the selection. ▪ The percentages of connected properties supplied at a pressure and flow that meets the standards set out in the licence (12 month data) were as follows: <ul style="list-style-type: none"> – 2013/14: 100% – 2014/15: 100% – 2015/16: 100% ▪ The licensee provided the test sheets for the pressure and flow tests and we confirmed that it has achieved a 100% performance against the standards included in the operating licence for each year during the audit period. The results showed the flow and pressure to be well within the required targets. 		
Operational Audit (Clause 14)						
The licensee, must, unless otherwise notified in writing by the Authority, provide the Authority with an operational audit within 24 months after	9	Section 25	4	<ul style="list-style-type: none"> ▪ The licensee is currently subject to operational audits at 36 month intervals. The extension of the audit period from 24 months to 36 months was authorised in the ERA's letter to the licensee dated 12 March 2013. 	<ul style="list-style-type: none"> ▪ Interviews with licensee staff ▪ Hamersley Iron Pty Ltd – Operational Audit and Asset Management System Review – Audit 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
the commencement date, and every 24 months thereafter.				<ul style="list-style-type: none"> The last operational audit was undertaken in 2013 by Paxon Business and Financial Services (report prepared in September 2013) which covered a 36 month period from 1 July 2010 to 30 June 2013. The next operational audit (this audit) covers the period from 1 July 2013 to 30 June 2016. 	Report – 23 September 2013 – Paxon Group	
The licensee must cooperate with the independent expert and comply with the Authority's standard audit guidelines dealing with the operational audit.	162	Section 12	4	<ul style="list-style-type: none"> The current operational audit follows the Audit and Review Guidelines - Water Licences – Final (July 2014) The audit has been conducted following the audit plan prepared in accordance with the guidelines and approved by the Authority. The licensee has complied with all requests for information made by the auditor and has made its staff and resources freely available to assist the conduct of this audit. The licensee's staff have acted in a professional and helpful manner throughout this audit. 	<ul style="list-style-type: none"> Interviews with licensee staff 	1
Reporting a Change in Circumstance (Clause 15)						
The licensee must report to the Authority, in the manner prescribed, if a licensee is under external administration or there is a material change in the circumstances upon which the licence was granted which may affect a licensee's ability to meet its obligations.	163	Section 12	4	<ul style="list-style-type: none"> The licensee is not under external administration and there has been no material change of circumstances. Therefore, this clause is not able to be rated. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
The licensee must report to the Authority within 10 business days of providing or undertaking water service works that are major works or general works.	164	Section 12	4	<ul style="list-style-type: none"> As noted previously, the licensee has not undertaken any major works or general works during the audit period. Therefore, this obligation is not able to be rated. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR
Provision of Information (Clause 16)						
The licensee must provide the Authority any information that the Authority may require in connection with its functions under the Act in the time, manner and form specified by the Authority.	165	Section 12	4	<ul style="list-style-type: none"> The licensee has provided the required information to the Authority. A register of correspondence is maintained to track all correspondence with the Authority It has submitted annual performance and compliance reports in accordance with the requirements and these have been submitted within the necessary timeframes. 	<ul style="list-style-type: none"> Interviews with licensee staff 2013/14 and 2014/15 Annual Compliance Reports 2013/14 and 2014/15 Annual Performance Reports Correspondence with ERA 	1
The licensee must comply with any information reporting requirements prescribed by the Authority, including but not limited to the provisions of the Water Compliance Reporting Manual that apply to the licensee.	166	Section 12	4	<ul style="list-style-type: none"> We reviewed the following compliance reports at audit: <ul style="list-style-type: none"> 2013/14 compliance report dated 25 August 2014 2014/15 compliance report dated 25 August 2015 We confirmed that the licensee reported a non-compliance related to not offering Centrepay as a payment method to customers in 2013/14. This is covered in more detail in Obligation 119. We confirmed that the licensee reported no non-compliances in the 	<ul style="list-style-type: none"> Interviews with licensee staff 2013/14 and 2014/15 Annual Compliance Reports Correspondence with ERA 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				annual compliance reports submitted in 2014/15. <ul style="list-style-type: none"> The 2015/16 compliance report had not yet been finalised at the time of the audit but the audit took place in advance of the date for its submission to the ERA. 		
The licensee must provide the Authority with the data required for performance reporting purposes that is specified in Water Compliance Reporting Manual, and the National Performance Framework that apply to the licensee.	167	Section 12	4	<ul style="list-style-type: none"> The licensee has provided the Authority with performance reporting data. We reviewed the following performance reports at audit: <ul style="list-style-type: none"> 2013/14 performance report dated 16 July 2014 2014/15 performance report dated 28 July 2014 We confirmed that the licensee submitted both performance reports in the audit period before the due date. The 2015/16 performance report has not yet been submitted as the due date is not until 31 August 2016. 	<ul style="list-style-type: none"> Interviews with licensee staff Performance reporting data for 2013/14 and 2014/15 Correspondence with ERA 	1
Publishing Information (Clause 17)						
Subject to clause 17.3, the licensee must publish within the specified timeframe any information that the Authority has directed the licensee to publish under clause 17.1.	168	Section 12	4	<ul style="list-style-type: none"> The Authority has not directed the licensee to publish information related to this obligation. Therefore the obligation cannot be rated. We note that publication of the Financial Hardship Policy followed timing under legislation, not at the Authority's direction. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR
Notices (Clause 18)						

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
Unless otherwise specified, all notices must be in writing.	169	Section 12	4	<ul style="list-style-type: none"> The licensee issues all formal correspondence in writing. We reviewed a sample of correspondence at audit. 	<ul style="list-style-type: none"> Interviews with licensee staff Annual Compliance Reports Correspondence with ERA file 	1
Asset Management System (Clause 20)						
The licensee must provide for, and notify the Authority of, an asset management system within the specified time unless otherwise notified by the Authority.	170	Section 12 Licence Clause 20.1	4	<ul style="list-style-type: none"> The licensee provided details of the asset management system at the time of its licence application. This obligation is not rateable for the audit period. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR
The licensee must notify the Authority of any material change to the asset management system within 10 business days of the change.	171	Section 12, Licence Clause 20.2	5	<ul style="list-style-type: none"> The licensee advised that no material change has been made to the Asset Management System during the audit period. Therefore, this obligation is not able to be rated. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR
The licensee must cooperate with the independent expert and comply with the Authority's standard guidelines dealing with the asset management system review.	172	Section 12, Licence Clause 20.6	4	<ul style="list-style-type: none"> The asset management system review is being conducted in accordance with the Authority's <i>Audit and Review Guidelines: Water Licences (2014)</i> and the preceding <i>Audit Guidelines: Electricity, Gas and Water Licences (2009)</i> as both were in effect during the audit period. An audit plan consistent with these guidelines has been prepared prior to this audit. The licensee has been consulted with respect to the audit plan and the audit plan has been approved by the Authority. 	<ul style="list-style-type: none"> Audit and review plan Audit and review guidelines Interviews with licensee staff 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<ul style="list-style-type: none"> The outcomes of the asset management system review are included in a later section of this report. 		
The licensee must have an asset management system that provides for the operation and maintenance of the water service works.	6	Sections 24(1)(a) & 24(2)	4	<ul style="list-style-type: none"> The licensee has in place an asset management system for the operation and maintenance of its water service works. The Hamersley Iron asset management system utilises a combination of related Corporate Rio Tinto systems, data and processes, under the umbrella of the Asset Management Improvement Plan. These systems include: <ul style="list-style-type: none"> SAP (asset register and maintenance planning system) ARMS (Asset Register Mapping System). RTTMS (Rio Tinto Ticketing Management System) – for recording customer contacts/complaints and creating work orders to investigate and rectify. The system is also used internally for creating actions to complete a work request, e.g. updating the information included in a work procedure. Prospect - business management system (including incident reporting). 	<ul style="list-style-type: none"> Interviews with licensee staff Rio Tinto – Iron Ore – Pilbara Utilities – Asset Management Improvement Plan – Water and Wastewater Services 2016 (RTIO-AM-0099745) SAP Annual O&M budgets Capital Works Plan 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<ul style="list-style-type: none"> - HSEQ system - document management system for HSEQ specific information. - FDMS (document management system). - LAORS – Legal and Other Requirements System, which records and keeps track of all legal obligations associated with operating and maintaining the assets, including the reporting requirements. - CAPS - Capital Approvals & Planning System - approval for capital projects. - Iron Ore Intranet - various functions, including the portal for the Engineering & Asset Management group. - CITECT - water and wastewater operating and control system. - Outage database for recording interruptions and spills data from Prospect. ▪ A review of this asset management system has been completed at the same time as this operational audit and the outcomes are presented in a later section of this report. 		
The licensee must give details of the asset management system and any changes to it to the Authority.	7	Section 24(1)(b)	5	<ul style="list-style-type: none"> ▪ The licensee provided details of the asset management system at the time of its licence application. This obligation is not applicable for the audit period. 	<ul style="list-style-type: none"> ▪ Interviews with licensee staff 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
A licensee must provide the Authority with a report by an independent expert as to the effectiveness of its asset management system every 24 months, or such longer period as determined by the Authority.	8	Section 24(1)(c)	5	<ul style="list-style-type: none"> An asset management system review was conducted by Paxon Group and documented in a report prepared 23 September 2013, which covered the 36 month period from 1 July 2010 to 30 June 2013. The next asset management system review (this review) covers the period from 1 July 2013 to 30 June 2016. 	<ul style="list-style-type: none"> Interviews with licensee staff Review of previous asset management review report 	1
Water Services Ombudsman Scheme (Clause 21)						
The licensee must not supply water services to customers unless the licensee is a member of and bound by the water services ombudsman scheme.	173	Section 12	4	<ul style="list-style-type: none"> The Energy and Water Ombudsman of Western Australia became responsible for the water services ombudsman scheme referred to in Part 4 of the Act on 1 January 2014. The licensee is a member of this scheme. 	<ul style="list-style-type: none"> Interviews with licensee staff 	1
Licensees who are required to be a member of the water services ombudsman scheme agree to be bound by, and compliant with, any decision or direction of the water services ombudsman under the scheme.	15	Section 66	4	<ul style="list-style-type: none"> The licensee has agreed to be bound by and compliant with any decision or direction of the Ombudsman. No complaints concerning the licensee have been referred to the Ombudsman during the audit period. 	<ul style="list-style-type: none"> Interviews with licensee staff Complaints logged RTTMS 	1
Standard Terms & Conditions of Service (Clause 22)						
Subject to the Act and the terms of a customer contract that apply to the water service, the licensee must supply water services in accordance with	174	Section 12	4	<ul style="list-style-type: none"> There are no Standard Terms and Condition of Service that apply to the licensee. This obligation is not applicable. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NA

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
the terms and conditions set out in Schedule 4 (if any).						
Customer Contract (Clause 23)						
If directed by the Authority, the licensee must submit a draft customer contract for approval.	175	Section 12	5	<ul style="list-style-type: none"> The licensee has not been directed by the Authority to submit a draft customer contract for approval. This obligation is not able to be rated for the audit period. 	<ul style="list-style-type: none"> Interviews with licensee staff Correspondence with ERA 	NR
The licensee must comply with any Customer Contract Guidelines that apply to the licensee.	176	Section 12	5	<ul style="list-style-type: none"> The licensee has not been directed by the Authority to submit a draft customer contract for approval. This obligation is not able to be rated for the audit period. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR
The licensee may only amend the customer contract with the Authority's approval.	177	Section 12	5	<ul style="list-style-type: none"> The licensee has not been directed by the Authority to submit a draft customer contract for approval. This obligation is not able to be rated for the audit period. 	<ul style="list-style-type: none"> Interviews with licensee staff Correspondence with ERA 	NR
The licensee must comply with any direction by the Authority to amend the customer contract.	178	Section 12	5	<ul style="list-style-type: none"> The licensee has not been directed by the Authority to submit a draft customer contract for approval. This obligation is not able to be rated for the audit period. 	<ul style="list-style-type: none"> Interviews with licensee staff Correspondence with ERA 	NR
Non Standard Terms & Conditions of Service (Clause 24)						
Unless clause 24.3 applies, the licensee cannot enter into an agreement with a customer to provide water services that exclude, modify or restrict the terms and conditions of the licence or the requirements of the Customer Services Code	179	Section 12	4	<ul style="list-style-type: none"> The licensee has not entered into any agreements with customers to provide water services that exclude, modify or restrict the terms and conditions of the licence or the requirements of the Customer Services Code. Therefore, this 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
without the prior approval of the Authority.				obligation is not able to be rated for the audit period.		
If the licensee enters into an agreement that excludes, modifies or restricts the terms and conditions of the licence or the requirements of the Customer Services Code, the licensee must publish an annual report containing the information specified.	180	Section 12	4	<ul style="list-style-type: none"> The licensee has not entered into any agreements with customers to provide water services that exclude, modify or restrict the terms and conditions of the licence or the requirements of the Customer Services Code. This obligation is not able to be rated for the audit period. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR
Supplier of Last Resort (Clause 25)						
If the licensee is appointed as the supplier of last resort for a designated area, the licensee must perform the functions of a supplier of last resort, comply with the duties imposed by the Act and carry out its operations under or for the purpose of the last resort plan in accordance with the Act.	181	Section 12	4	<ul style="list-style-type: none"> The licensee has not been appointed as a supplier of last resort. This obligation is not applicable. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NA
If the licensee is the supplier of last resort for a designated area, the licensee must perform the functions of the supplier of last resort and must comply with the relevant duties and carry out the relevant operations prescribed.	14	Section 60	4	<ul style="list-style-type: none"> The licensee has not been appointed as a supplier of last resort. This obligation is not applicable. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NA
Duties of the Licensee (Clause 26)						
The licensee must comply with the duties imposed on it by the	12	Section 29	4	<ul style="list-style-type: none"> The duties of the licensee are set out in Part 2, Division 3 of the Act. 	<ul style="list-style-type: none"> Interviews with licensee staff 	2

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
Act in relation to its licence and must carry out its operations in respect of the licence in accordance with the Act.				<p>The compliance of the licensee with these obligations has already been tested in this audit, resulting in a small number of non-compliances related to Section 27 of the Division, Compliance with the Code made by Authority, being found. As a result, this obligation has been rated as non-compliant.</p> <ul style="list-style-type: none"> The licensee seeks to comply with its duty to provide water and sewerage services within its operating areas. The licensee has only received a very small number of complaints regarding its water and sewerage services in the audit period. The licensee advises it has not refused provision of water or sewerage services nor suspended the provision of water or sewerage services in the audit period. 	<ul style="list-style-type: none"> Hamersley Iron Pty Ltd, Water Services Operating Licence, WL33, Version 7, 18 November 2013 Rio Tinto – Iron Ore – Pilbara Utilities – Asset Management Improvement Plan – Water and Wastewater Services 2016 (RTIO-AM-0099745) SAP Hamersley Iron Pty Ltd – Operational Audit and Asset Management System Review – Audit Report – 23 September 2013 – Paxon Group 	
Provision of Water Services (Clause 27)						
The licensee must provide a water service authorised by the licence to persons entitled to the service under the Act, except to the extent otherwise provided for by the Act.	1	Section 21(1)(a)	2	<ul style="list-style-type: none"> The licensee provides potable water and sewerage services under the Act. The potable water and sewerage services are available for connection to all of the residential areas of the towns of Dampier, Paraburdoo and Tom Price within the licenced operating areas. The services extend to the main Rio Tinto mine sites in Paraburdoo and Tom Price. 	<ul style="list-style-type: none"> Interviews with licensee staff Interviews with licensee staff Rio Tinto Customer Charter – Utilities water and wastewater services, December 2011 Review of operating area maps Inspection of assets 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<ul style="list-style-type: none"> ▪ The Bungaroo water project involved the construction of a borefield in the lower Bungaroo Valley (35 km south east of Pannawonica) and an 87 km pipeline connecting to the Water Corporation's water supply scheme at Millstream to deliver water to Rio Tinto's coastal operations and the towns of Dampier and Wickham. Construction was completed prior to the audit period. The project delivers up to 10 GL/year. ▪ The licensee's Customer Service Charter sets out the conditions of and process for connecting to its sewerage network. ▪ Information related to conditions for connection are currently included in the Standard Connections for Water, Sewerage and Electricity Supply document. This document is able to be downloaded from the licensee's website. ▪ The licensee's conditions for connection are also set out in the 'Conditions of Connection' section on the Customer Charter. As noted previously, the licensee has retained a Customer Charter, with the December 2011 version still being the current version of the Charter. ▪ Additional conditions of connection information is also provided on the licensee's website, with application forms, that also include the 		

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				conditions of connection, being able to be viewed and downloaded.		
The licensee must offer to provide a water service on reasonable terms, unless provision of the service is not financially viable or is otherwise not practicable, to persons within the operating area who are not entitled to the service under the Act.	2	Section 21(1)(b)	4	<ul style="list-style-type: none"> The water service charges are determined annually as part of the licensee's annual budgeting process. Although the licensee determines charges, these are predominantly for demand management purposes rather than to finance the operations, maintenance and renewal of the assets providing the water and sewerage services to each town. The cost of providing water and sewerage services is considered to be part of the cost of the licensee's parent company's business costs of operating in the Pilbara. The water charges are reasonably low and essentially the costs of maintaining the services are subsidised by the mine operations. The charges, although considered to be reasonably low, are considered to have had a positive impact on the water consumption. The licensee advises that there have been no instances where it has discontinued providing a service because it has been not practicable or not financially viable. 	<ul style="list-style-type: none"> Interviews with licensee staff Review of annual budget 2015/16 Rates and Tariffs analysis for 2016/17 Rio Tinto Customer Charter – Utilities water and wastewater services, December 2011 	1
The licensee must provide, operate and maintain the water service works specified by the Authority in the licence.	3	Section 21(1)(c)	4	<ul style="list-style-type: none"> The licensee has in place an effective asset management system for the operation and maintenance of its water service works. We have undertaken an asset management review at the same time as this operational audit and the findings of 	<ul style="list-style-type: none"> Interviews with licensee staff Review of operating area maps Inspection of assets 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<p>this review are presented later in this report.</p> <ul style="list-style-type: none"> We inspected the licensee's assets at the time of audit. In Paraburdoo we inspected a number of bores in the Northern Borefield, the Borefield collector tank, water pumping station, the town storage tanks, the main water supply diverter to town, and the sewerage pumping station and treatment plant. In Tom Price we inspected the town tanks, a sewerage pumping station and the treatment plant. The assets are considered to be in good condition. 	<ul style="list-style-type: none"> Review of operation and maintenance records Review of licensee performance monitoring records, e.g. pump run hours, chlorine monitoring data 	
Provision of Water Services Outside Operating Area (Clause 28)						
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 Authority.	182	Section 12	4	<ul style="list-style-type: none"> The licensee does not provide a water service outside of the operating area. This obligation is not able to be rated for the audit period. 	<ul style="list-style-type: none"> Interviews with licensee staff Review of operating area maps Inspection of assets 	NR
The licensee must notify the Authority as soon as practicable before commencing to provide the water service outside of the operating area of the license.	4	Section 22	4	<ul style="list-style-type: none"> The licensee does not provide a water service outside of the operating area. This obligation is not able to be rated for the audit period. 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR
Works Holding Arrangements (Clause 29)						
All water service works used by the licensee in the provision of a water service must be held by the licensee, or must	5	Section 23	4	<ul style="list-style-type: none"> The licensee owns all of the water service works used to provide the water and sewerage services. 	<ul style="list-style-type: none"> Interviews with licensee staff Review financial records 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
be covered by an agreement whereby the licensee can operate the works so as to comply with its obligations, or must fit in to other prescribed categories under the Act.					<ul style="list-style-type: none"> Review of financial asset register 	
Hardship Policy (Clause 30)						
The licensee must comply with the Authority's Financial Hardship Policy Guidelines as they apply to the licensee.	183	Section 12	4	<ul style="list-style-type: none"> The licensee has prepared a Financial Hardship and Payment Difficulty Policy with reference to the Authority's guideline. The Financial Hardship Policy has been approved by the Authority. 	<ul style="list-style-type: none"> Rio Tinto - Pilbara electricity and water services - Financial hardship and payment difficulty policy (RTIO-AM-0118449) Review of guidelines Correspondence with ERA 	1
Memorandum of Understanding (Clause 31)						
The licensee must enter into a Memorandum of Understanding with the Department of Health as soon as practicable after the commencement date.	184	Section 12	4	<ul style="list-style-type: none"> A "Memorandum of Understanding between the Department of Health and Hamersley Iron Pty Ltd for Drinking Water" (MoU) was entered into on 20 January 2012. This version is still the current version of the MoU. The MoU was first extended on 10 December 2014 to 20 July 2015. This information was included in the letter from the Department of Health (DoH) dated 13 March 2015 that further extended the MoU from 20 July 2015 to 31 December 2015. The MoU was again extended from 31 December 2015 to 31 December 2016 in a letter from the DoH dated 24 December 2015. 	<ul style="list-style-type: none"> Interviews with licensee staff Correspondence with DoH Memorandum of Understanding between the Department of Health and Hamersley Iron Pty Ltd for Drinking Water, 20 January 2012 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
The Memorandum of Understanding must comply with the specified requirements in relation to legal standing of the document and compliance audits by the Department of Health.	185	Section 12	4	<ul style="list-style-type: none"> ▪ As noted above, the current MoU was entered into on 20 January 2012. This version was the version in place at the previous audit and is still the current version of the MoU. ▪ The MoU states in clause 17.1 that <i>"This MoU is executed pursuant to the Licensee's Operating Licence and is legally binding between the Department and Licensee."</i> ▪ The MoU states in clause 14.1 that <i>"The purpose of an audit under this MoU is to determine whether the Licensee has, during the audit period, complied with the obligations imposed by the following sections of this MoU:</i> <ul style="list-style-type: none"> – 4.0 Administration of Drinking Water Quality; – 6.0 Systems Analysis and Management; – 7.0 Materials and Chemicals; – 8.0 Data exchange; and – 9.0 Events of public health significance." ▪ The MoU states in clause 14.2 that <i>"The Executive Director Public Health may, by written notice given to the Licensee, require the Licensee to be audited in accordance with the purpose set out in clause 14.1 of this MoU in respect of a specified audit period by the completion date specified in the notice."</i>; 	<ul style="list-style-type: none"> ▪ Interviews with licensee staff ▪ Correspondence with DoH ▪ Memorandum of Understanding between the Department of Health and Hamersley Iron Pty Ltd for Drinking Water, 20 January 2012 ▪ Department of health/Rio Tinto - Binding Protocols (RTIO-HSE-0134865) 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<ul style="list-style-type: none"> The MoU states in clause 14.3 that <i>"The audit period and completion date will be determined by the Department in consultation with the Licensee, noting that the Operating Licence requires an audit at least once every three years."</i> In addition, the licensee has a Binding Protocols agreement with the Department of Health. The protocol provides the high-level cooperation procedure between the DoH and the licensee. No compliance audits have taken place during the audit period. This was confirmed in the correspondence register. 		
The licensee must comply with the terms of the Memorandum of Understanding.	186	Section 12	4	<ul style="list-style-type: none"> The licensee considered that it has complied with the terms of the MoU during the audit period. However, no compliance audit has taken place during the audit period. Regular meetings are conducted between the licensee and the Department of Health in relation to Drinking Water Quality matters Quarterly and Annual drinking water quality reports are submitted to the DoH. Correspondence with the DoH is recorded in a separate correspondence register. This shows no issues related to non-compliances during the audit period. 	<ul style="list-style-type: none"> Interviews with licensee staff Correspondence with DoH Memorandum of Understanding between the Department of Health and Hamersley Iron Pty Ltd for Drinking Water, 20 January 2012 Annual Drinking Water Quality Reports 2013/14 and 2014/15 Quarterly Drinking Water Quality Reports 	1
The licensee must publish the Memorandum of Understanding and any	187	Section 12	4	<ul style="list-style-type: none"> We confirmed that the current Memorandum of Understanding has been published on the licensee's 	<ul style="list-style-type: none"> Interviews with licensee staff 	NR

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
amendments to the Memorandum of Understanding within one month of signing or making the amendment.				website. However, as the current version is the version that was approved by DoH in 2012 and in place at the time of the previous audit, it was published on the licensee's website before the start of the current audit period. As a result, the obligation has not been rated.	<ul style="list-style-type: none"> Memorandum of Understanding between the Department of Health and Hamersley Iron Pty Ltd for Drinking Water, 20 January 2012 Correspondence with DoH Licensee's website 	
The licensee must publish the audit report on compliance with its obligations under the Memorandum of Understanding on its website within one month of the completion of the audit.	188	Section 12	4	<ul style="list-style-type: none"> No compliance audit related to the licensee's obligations under the Memorandum of Understanding has been conducted during the audit period. Therefore, the licensee has not been required to publish an audit report on its website. As a result, this obligation has not been rated. 	<ul style="list-style-type: none"> Interviews with licensee staff Correspondence with DoH Memorandum of Understanding between the Department of Health and Hamersley Iron Pty Ltd for Drinking Water, 20 January 2012 	NR
The licensee must publish any reports required by the Department of Health or set out in the Memorandum of Understanding on the licensee's website quarterly or at a reporting frequency specified by the Department of Health.	189	Section 12	4	<ul style="list-style-type: none"> The licensee has published quarterly and annual drinking water quality reports on its website as required during the audit period. The DoH has not directed the licensee to publish any other reports during the audit period. 	<ul style="list-style-type: none"> Interviews with licensee staff Correspondence with DoH Memorandum of Understanding between the Department of Health and Hamersley Iron Pty Ltd for Drinking Water, 20 January 2012 Annual Drinking Water Quality Reports 2013/14 and 2014/15 Quarterly Drinking Water Quality Reports 	1
Performance Standards (Schedule 3)						

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
The licensee must comply with the service and performance standards as set out in Schedule 3.	190	Section 9	2	<ul style="list-style-type: none"> ▪ The licensee has individual performance standards specified in Schedule 3 of its Version 7 operating licence related to pressure and flow standards. <ul style="list-style-type: none"> – The minimum standard for the static pressure of the potable supply is 15 metres of water – The maximum standard for the static pressure of the potable supply is 100 metres of water. – The minimum standard for the flow of the potable supply is 20 litres per minute ▪ The standards apply to each of the licensee's three potable water supply networks. ▪ The licensee informs its customer of its water pressure and flow standards in a section on the Customer Charter titled: "Water Pressure and Flow". ▪ The licensee has bulk flow meters within each of its towns and also conducts pressure and flow tests annually in each of its water supply systems, using a selection of properties within each town. The properties used in the annual tests rotates from year-to-year and the licensee selects some properties at the end of the lines as part of the selection. ▪ The percentages of connected properties supplied at a pressure and flow that meets the standards 	<ul style="list-style-type: none"> ▪ Interviews with licensee staff ▪ Rio Tinto Customer Charter – Utilities water and wastewater services, December 2011 ▪ Flow and Pressure Annual Test Results, 2013/14, 2014/15 and 2015/16 	1

Performance Areas	Compliance Manual Ref (2014 unless noted otherwise)	Licence/ Code Clause/Section	Priority	Observations	Evidence (including Contact)	Compliance Rating
				<p>set out in the licence (12 month data) were as follows:</p> <ul style="list-style-type: none"> - 2013/14: 100% - 2014/15: 100% - 2015/16: 100% 		
				<ul style="list-style-type: none"> ▪ The licensee provided the test sheets for the pressure and flow tests and we confirmed that it has achieved a 100% performance against the standards included in the operating licence for each year during the audit period. The results showed the flow and pressure to be well within the required targets. 		

5.2 Asset Management System Review

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

Table 5-1 Asset Management System Review Observations

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
Asset Planning – Overall Rating: A1		
<ul style="list-style-type: none"> ▪ Asset Management Plan covers key requirements. ▪ Planning processes and objectives reflect the needs of all stakeholders and is integrated with business planning. ▪ Service levels are defined. ▪ Non-asset options (e.g. demand management) are considered. ▪ Lifecycle costs of owning and operating assets are assessed. ▪ Funding options are evaluated. ▪ Costs are justified and cost drivers identified. ▪ Likelihood and consequences of asset failure are predicted. ▪ Plans are regularly reviewed and updated. 	<p>Overview</p> <ul style="list-style-type: none"> ▪ Under the Operating Licence, issued by the ERAWA, Hamersley Iron operates and maintains the Sewerage and Potable Water Services for the port town of Dampier and the inland mining towns of Tom Price and Paraburdoo. ▪ The towns of Tom Price, Paraburdoo & Dampier were constructed in 1975/76 in conjunction with development of the Tom Price and Channar mines at Tom Price and Paraburdoo respectively and the port facilities at Dampier. ▪ Hamersley Iron’s operating licence also includes for the Bungaroo water supply system. The Bungaroo water supply project involved the construction of a borefield in the lower Bungaroo Valley (35 km south east of Pannawonica) and an 87 km pipeline connecting to the Water Corporation’s water supply scheme at Millstream to deliver water to Rio Tinto’s coastal operations and the towns of Dampier and Wickham. Construction was completed prior to the audit period although full operation did not start until 2014, within the review period. The project delivers up to 10 GL/year. ▪ We inspected a sample of Hamersley Iron’s assets at the time of the review. In Paraburdoo we inspected a number of bores in the Northern Borefield, the Borefield collector tank, water pumping station, the town storage tanks, the main water supply diverter to town, and the sewerage pumping station and treatment plant. In Tom Price we inspected the town tanks, a sewerage pumping station and the treatment plant. The assets are considered to be in good condition. ▪ There are no capacity issues related to any of the water or wastewater schemes operated by Hamersley Iron. The schemes were all constructed for greater capacities than they are being used for. The towns of Paraburdoo and Dampier and their water services were constructed to accommodate 3,000 persons, with both currently having populations of less than 2,000. Tom Price was constructed for a 5,000 population and currently has approximately 4,000. ▪ There has been limited growth to the towns serviced by Hamersley Iron since the 1980s and at the present time, as a result of the downturn in mining operations, the populations of the towns are decreasing. <p>Asset Management Improvement Plan</p>	<ul style="list-style-type: none"> ▪ Rio Tinto Asset Management Standard (RTIO-AM-0170587) ▪ Rio Tinto Asset Management Manual (RTIO-AM-****) ▪ Rio Tinto – Iron Ore – Pilbara Utilities - Business Plan (RTIO-AM-****) ▪ Rio Tinto – Iron Ore – Pilbara Utilities – Asset Management Strategy 2016 (RTIO-AM-0170586) ▪ Rio Tinto – Iron Ore – Pilbara Utilities - Asset Maintenance Strategy (RTIO-AM-0077192) ▪ Rio Tinto – Iron Ore – Pilbara Utilities - Demand Management (RTIO-AM-****) ▪ Rio Tinto – Iron Ore – Pilbara Utilities - 2015/16 Plan on a Page (RTIO-AM-0170585) ▪ Rio Tinto – Iron Ore – Pilbara Utilities – Asset Management Improvement Plan – Water and Wastewater Services 2016 (RTIO-AM-0099745) ▪ Rio Tinto – Iron Ore – Pilbara Utilities – Aging Towns Strategy (RTIO-AM-0170583) ▪ Rio Tinto – Iron Ore – Pilbara Utilities – Site Reliability Plans – Operating and Maintenance (RTIO-AM-***)

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<ul style="list-style-type: none"> ▪ Hamersley Iron has an Asset Management Improvement Plan that describes the assets owned and operated by Hamersley Iron, the asset management systems used and the Asset System Plan. ▪ The Asset System Plan is the action plan and sets out the key tasks, actions, supporting data information, completion dates and required measure (target). Actions to achieve are listed and the specific actions to be completed during the current year are also listed and reported against. ▪ The Asset System Plan is divided to provide the actions against the organisation's strategic objectives. ▪ The Introduction section provides outline information on: <ul style="list-style-type: none"> – the assets – operating and maintenance environment – legislative and licensing environment – the corporate environment and organisational structure – responsibilities for asset management – risk management – drinking water quality management – training and development – operating and maintenance manuals – asset spares – operating costs – asset utilisation – condition-based risk management – customer services ▪ The system description section is divided up in twelve sections that correspond to the 12 elements of the ERA's asset management system review. ▪ In addition, Hamersley Iron also maintains a library of 12 ring-binders corresponding to the 12 asset management elements included in the ERA's asset management review. Each ring-binder contains hard copies of all the key and supporting documents associated with each of the asset management review elements. ▪ Service levels for drinking water quality and the pressure/flow standard required under the current operating licence are set out in the Section 1 of the Asset Improvement Plan. Although the performance standards included in the previous operating licence no longer apply, Hamersley Iron has continued to 	<ul style="list-style-type: none"> ▪ Drinking Water Quality Management Plan (RTIO-HSE-0241762) ▪ 2016/17 Rates and Tariffs ▪ Internal analysis for preparation of 2016/17 rates and tariffs

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<p>use performance targets for water main breaks and sewer blocks and chokes for good practice and to also allow it to monitor asset condition and performance within each scheme.</p>	
	<p>Asset Management Planning</p> <ul style="list-style-type: none"> ▪ An overview of Hamersley Iron's Asset Planning processes are included in Section 1 of its Asset Management Improvement Plan. ▪ An Asset Management Overview is also included in the Asset Management Improvement Plan. This sets out the framework for how the different documents and systems interface to form the overall structure for Hamersley Iron's overall asset management of the water and wastewater assets. ▪ The Rio Tinto Asset Management Standard and the Rio Tinto Asset Management Manual are the two key documents related to asset management. All asset management throughout the entire business, including the water and wastewater asset management carried out by Hamersley Iron is based on the information included in these two documents. ▪ There is a Business Plan for each division within the company and the Core Services division, under which Hamersley Iron operates, has its own specific Business Plan. There has been a corporate restructure of Rio Tinto during 2016 and previously Hamersley Iron operated within the Utilities group. As such, some documents in place during 2015/16 include reference to the Utilities group in the document title and within the documents. ▪ Under the Business Plan are numerous asset management strategies appropriate to each specific area of the division. The Utilities strategies in place during the review period included specific documents for asset management and maintenance of water and sewerage assets and demand management. ▪ There is an annual Plan on a Page document which sets out the key actions and strategies to be completed each year under each of the key corporate objectives. ▪ Under the overall annual Plan on a Page document, there is an Annual Water and Wastewater Strategic Plan, which includes the discrete actions, strategies for completing the actions and assigns responsibilities to members of staff. ▪ There are strategies for the different asset types and these are managed using appropriate site or asset type management plans and manuals. ▪ Hamersley Iron has an Aging Towns Strategy which outlines the current condition and performance of the assets, operating criteria and key performance indicators, asset lives, projections for future demand, condition monitoring activities, asset lifecycle information, maintenance requirements, key issues and operating expenditure plans. 	

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<ul style="list-style-type: none"> ▪ Each town serviced by Hamersley Iron has its own Site Reliability Plan which describes the systems and assets, the operating protocols and the required service levels. The Bungaroo pipeline project has its own set of Plans. ▪ Hamersley Iron also has Drinking Water Quality Management Plans to assist with the asset planning of its drinking water assets. ▪ Hamersley Iron also has a Recycled Water Quality Management Plan (RWQMP) that has been approved by DoH for the effluent that is recycled at Dampier. The treated effluent from the Dampier treatment facility is disinfected by chlorination, stored on-site and then used to irrigate the town's sports ovals (Hampton Oval and Dampier Oval) at night. While Hampton Oval is freehold land that is owned by Hamersley Iron, Dampier Oval (also known as Windy Ridge Oval) is a Shire-owned reserve. We note that under the two operating licences that were in place during the review period, Version 6 and Version 7, Hamersley Iron was not authorised under the licence to provide non-potable water. As such, an operating licence amendment will be required to allow it to supply non-potable water to the Shire-owned Dampier Oval that it currently supplies. 	
	<p>Non-Asset Options</p> <ul style="list-style-type: none"> ▪ Although there is limited asset planning for growth increases in the current environment, non-asset solutions are considered in Hamersley Iron's asset planning through the use of tiered pricing as a demand management tool, education of its customers related to water use and the sewerage system, pressure reduction in the potable supply networks and identification of leakage. ▪ In addition, the capital expenditure process uses project justification reports in the first instance to assess potential solutions. There is a mandatory option for the assessment of each project of 'Do Nothing' and this is scored as part of the assessment. 	
	<p>Funding Options</p> <ul style="list-style-type: none"> ▪ Hamersley Iron's budgeting is based ZBB (zero based budgeting), with cost drivers justified on the basis of providing safe, efficient and reliable water and wastewater systems for town and mine/port customers. ▪ In terms of funding options, Hamersley Iron differs from a typical water and wastewater service provider in that there is no link between the revenue brought in from providing the services and the expenditure incurred by operating, maintaining and renewing the assets. The costs are borne through mining operations revenue and seen as part of the overall cost of operating a mining business. 	

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<ul style="list-style-type: none"> ▪ Although there is tiered pricing for the potable water supply, this is implemented as a demand management tool rather than for income purposes. The charges for the water and sewerage services are relatively low when compared to other water service providers in WA but have been shown to have a positive impact on water demand when compared to Robe River Mining, another Rio Tinto subsidiary licenced by the ERA to provide water services. Robe River Mining does not charge its customers for water usage and the demand has been shown to be much higher than for Hamersley Iron's customers on per connection and per capita basis. <p>Risk Considerations in Asset Planning</p> <ul style="list-style-type: none"> ▪ The likelihood and consequences of asset failures are assessed by Hamersley Iron for each asset. It has a series of Asset Risk Assessments and associated Contingency Plans for each area to manage any incident relating to asset failure. <p>Review of Asset Management Plans</p> <ul style="list-style-type: none"> ▪ Rio Tinto has an overall annual business planning process where all the key strategies are reviewed and annual action plans and strategies prepared. A business performance report process is used to review capital expenditure, operating expenditure and performance against key performance indicators and targets from the previous year. ▪ Rio Tinto's document management system has an internal policy for all documents to be reviewed at least every two years, whether or not a review is required for a legislative requirement or not. As such, all of Hamersley Iron's documents are reviewed, and updated if required, every two years. This was confirmed during the operating licence audit. 	

Asset Creation – Overall Rating: A1

Asset Creation Processes		
<ul style="list-style-type: none"> ▪ Full project evaluations are undertaken for new assets including comparative assessment of non-asset solutions. ▪ Evaluations include all life-cycle costs. ▪ Projects reflect sound engineering and business decisions. ▪ Commissioning tests are documented and completed. 	<ul style="list-style-type: none"> ▪ An overview of Hamersley Iron's Asset Creation processes are included in Section 2 of its Asset Management Improvement Plan. ▪ The Rio Tinto – Iron Ore – Capital Accounting Manual is the key document for all new projects completed by Hamersley Iron. This sets out the corporate processes and requirements for initiating and managing a new asset creation project. ▪ The asset creation process starts with the Project Initiation Form. This includes a high-level review of the project purpose and the associated risks, defines the problem needing to be solved and the project title and analyses the project options. This allows for a high-level ranking of the options to be carried out. 	<ul style="list-style-type: none"> ▪ Rio Tinto – Iron Ore – Pilbara Utilities – Asset Management Improvement Plan – Water and Wastewater Services 2016 (RTIO-AM-0099745) ▪ Rio Tinto – Capital Accounting Manual (CA00) ▪ Rio Tinto - Project Initiation Form (RTIO-AM-0170548) ▪ Examples of completed Project Initiation Forms

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
<ul style="list-style-type: none"> Ongoing legal / environmental / safety obligations of the asset owners are assigned and understood. 	<p>Risks for the preferred option are assessed along with the estimated costs for implementation and the overall proposed project timing.</p> <ul style="list-style-type: none"> After the Project Initiation Form process has been completed and the project assessment giving approval to progress, the next stage is the preparation and submission of a 'Bluesheet'. The Bluesheet form provides more detailed information on the proposed project. The Bluesheet process is used to progress the project to the next stage in Rio Tinto's project review process. It allows a project to be included in what is essentially a first draft of the next year's business plan. Progressing to the next stage of the process does not guarantee that a project will be approved and proceed to implementation/construction but it means that it will be included in the Business Plan for consideration. Following successful review and approval of the Bluesheet form, a Capital Expenditure Application Form is completed. This provides more detailed project justification. The project is forwarded for more in-depth internal scrutiny. Rio Tinto Business Analysts analyse each project to interrogate the information in the project justification, options analysis and costings. Once a project is approved and inclusion on the Business Plan has been completed, the Rio Tinto Business Analysts conduct a post-project review to assess what work has been completed compared to the proposals and provide scrutiny to the total actual project costs compared to the estimates. Hamersley Iron provided examples of the forms completed for asset creation projects completed during 2015/16 during the course of the review. We confirmed that the asset creation process is robust and proposed works are subjected to in-depth and detailed scrutiny both before approval and after the project has been completed. The asset creation process ensures that the projects reflect sound engineering and business decisions. 	<ul style="list-style-type: none"> Examples of completed Bluesheets Examples of completed Capital Expenditure Application Forms Examples of Operational Readiness checklists Legal and Other Requirements Systems (LAORS) register and documents
	<p>Asset Creation Design & Construction</p> <ul style="list-style-type: none"> Assets are designed and constructed in accordance with mechanical, civil and structural engineering standards developed and maintained by Rio Tinto Iron Ore Engineering & Asset Management Division. Engineering standards and commissioning test requirements are included in tender documents issued to contractors. Rio Tinto has a vendor approval system which limits project work only to those contractors who have been approved by the business. All approved contractors have access to Rio Tinto's Computerised Maintenance Management System (CMMS) which allows them access to the business's standards. All approved vendors and contractors have to comply with all of Rio Tinto's requirements. 	

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
---	------------------------	----------

Commissioning Tests

- Hamersley Iron uses an Operational Readiness checklist for projects that specifies the commissioning information requirements. These are prepared as required for specific projects.
- A commissioning review scope is prepared for each project to set out the actions that need to be completed and to allow the actions to be reviewed on completion.
- All new assets must be approved before they can be authorised for operation. The approval process includes a review of documentation required to be provided, e.g., asset drawings, commissioning records, and pressure test results. The requirements for approval are amended on a project specific basis to be appropriate to the risks involved. This includes review and approval of regulatory requirements, e.g. chemical licenses.

Asset Obligations

- The ongoing legal, environmental and safety legislation obligations are assigned and understood. Hamersley Iron maintains a Legal and Other Requirements System (LAORS) which records and keeps track of all legal obligations associated with operating and maintaining the assets, including the reporting requirements.
- The approvals system for any new asset project includes a review of the legal, environmental and safety obligations. This assesses the regulatory requirements such as Department of Health approvals and chemical licenses.

Asset Disposal – Overall Rating: A1

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
<ul style="list-style-type: none"> ▪ Under-utilised and under-performing assets are identified as part of a regular systematic review process. ▪ The reasons for under-utilisation or poor performance are critically examined and corrective action or disposal undertaken. ▪ Disposal alternatives are evaluated. ▪ There is a replacement strategy for assets. 	<p>Asset Disposal Processes</p> <ul style="list-style-type: none"> ▪ Rio Tinto has a corporate process for the disposal of assets that is used by Hamersley Iron. ▪ The process for the review of underutilised and underperforming assets is set out in a flowchart in Section 3 of the current Asset Management Improvement Plan. The flowchart outlines the steps and decisions used to either dispose of an asset or replace/upgrade it. ▪ Hamersley Iron has an Asset Disposal procedure and a Disposal of Asset Work Practice Note that also sets out the steps involved in the process. ▪ Section 7.3.8 of the Capital Accounting Manual outlines the processes related to disposing of an asset with regard to the asset register and financial register. ▪ A Surplus Advice (S44) Form is completed with the details of the asset being disposed. The form provides information on the asset, reasons for surplus 	<ul style="list-style-type: none"> ▪ Rio Tinto – Iron Ore – Pilbara Utilities – Asset Management Improvement Plan – Water and Wastewater Services 2016 (RTIO-AM-0099745) ▪ Asset Disposal Procedure (WC4027) ▪ Disposal of Asset Work Practice Note (WP0592-01) ▪ Rio Tinto – Capital Accounting Manual (CA00) ▪ Surplus Advice (S44) Form template

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<p>status, asset condition. Details of the asset ID numbers also have to be provided. The form goes through a review and sign-off process before the asset can be disposed of.</p> <p>Underperforming and Under-utilised Assets</p> <ul style="list-style-type: none"> ▪ Underperforming assets are reviewed by the Maintenance and Maintenance Engineering teams. This can be based on follow up work from a maintenance task, condition monitoring findings, or a planned condition review. ▪ During 2015 Hamersley Iron used the process to identify an under-utilised bore in the Paraburdoo Borefield (Bore PTP5) that was not producing sufficient yield. However, rainfall during 2015 and 2016 has resulted in the bore recharging and being able to be used again. ▪ Hamersley Iron has also used the process to identify that the Imhoff tank at the Paraburdoo wastewater treatment plant is being underutilised and this is scheduled for disposal in 2016/17. ▪ No assets were disposed of by Hamersley Iron during the review period. <p>Replacement Strategies</p> <ul style="list-style-type: none"> ▪ Hamersley Iron's asset replacement strategy is described in the Asset Management system overview, and is derived from the capital planning, asset strategy, asset creation, and SAP work management drivers. 	

Environmental Analysis – Overall Rating: A1

	Environmental Analysis Processes	
<ul style="list-style-type: none"> ▪ Opportunities and threats in the system environment are assessed. ▪ Performance standards (availability of service, capacity, continuity, emergency response, etc.) are measured and achieved. ▪ Compliance with statutory and regulatory requirements. ▪ Achievement of customer service levels. 	<ul style="list-style-type: none"> ▪ An overview of Hamersley Iron's Environmental Analysis processes are included in Section 4 of its Asset Management Improvement Plan. ▪ Threats and opportunities in the system environment are assessed by Hamersley Iron in a number of forms of risk assessment, including the asset risk assessments of the Site Reliability Plans (Site Asset Risk and Contingency Plans), drinking water quality risk assessments (Drinking Water Quality Management Plan), the risk register, and chlorine system risk assessment. ▪ The Pilbara Utilities Risk & Compliance system identifies a Key Regulatory Framework for all of the services provided by Hamersley Iron and the associated assets. Detailed information is also provided in 1.3 of Section 1 (Introduction) of the Asset Management Improvement Plan. This is summarised into key guidance by the Rio Tinto Pilbara Utilities Compliance Management System Guidance Note, and the Pilbara Utilities Water Services Guidance Note. 	<ul style="list-style-type: none"> ▪ Rio Tinto – Iron Ore – Pilbara Utilities – Asset Management Improvement Plan – Water and Wastewater Services 2016 (RTIO-AM-0099745) ▪ Rio Tinto – Pilbara Utilities – Water Services Guidance Note (RTIO-AM-0125857) ▪ Examples of Site Reliability Plans ▪ Drinking Water Quality Management Plan (RTIO-HSE-0241762) ▪ Rio Tinto – Pilbara Utilities - Water Services Guidance Note (RTIO-AM-0125857)

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<ul style="list-style-type: none"> ▪ Hamersley Iron maintains a Legal and Other Requirements System (LAORS) which records and keeps track of all legal obligations associated with operating and maintaining the assets, including the reporting requirements. ▪ The approvals system for any new asset project includes a review of the legal, environmental and safety obligations. This assesses the regulatory requirements such as Department of Health approvals and chemical licenses. ▪ Hamersley Iron also has a key regulatory framework for its risk and compliance activities. Requirements associated with licence requirements associated with providing the water and wastewater services are set out in the Water Service Guidance Note. Key legislation is provided in Section 2.3 of the Guidance Note and information on the different regulators is included in Section 2.4. The General Compliance Requirements are outlined in Section 4 of the document. ▪ All of Hamersley Iron's wastewater treatment plants are licenced as prescribed premises by the Department of Environment Regulation. The licenses set out conditions for Hamersley Iron to adhere to. An Annual Environment Report is submitted to the Department of Environment Regulation for each wastewater treatment plant. The report covers the previous calendar year. 	<ul style="list-style-type: none"> ▪ Annual ERA Compliance Reports 2013/14 and 2014/15 ▪ Annual Environmental to Reports to Department of Environment Regulation for Dampier Wastewater Treatment Plant for 2013, 2014 and 2015 ▪ Annual Environmental to Reports to Department of Environment Regulation for Paraburdoo Waste Water Treatment Plant for 2013, 2014 and 2015 ▪ Annual Environmental to Reports to Department of Environment Regulation for Tom Price Waste Water Treatment Plant for 2013, 2014 and 2015
	<p>Statutory and Regulatory Compliance</p>	
	<ul style="list-style-type: none"> ▪ Associated licences and regulatory documents are shown in 1.3.1 in Section 1 (Introduction) of the Asset Management Improvement Plan, including documents associated with drinking water quality management, groundwater abstraction licences, wastewater treatment plant operating licences, recycled water quality management plans, and chlorine storage licences. ▪ Dampier is the only wastewater treatment plant that discharges to a water course, with the treatment plants in Tom Price and Paraburdoo being lagoon systems with evaporative ponds as the final treatment process. There are emergency discharges at these two treatment plants if required. ▪ Effluent is recycled at Dampier on two sports ovals. Hamersley Iron has a Recycled Water Quality Management Plan (RWQMP) in place for this activity and it has been approved by the DoH. The first annual report required under the RWQMP is due to be submitted for 2016/17. We note that under the two operating licences that were in place during the review period, Version 6 and Version 7, Hamersley Iron was not authorised under the licence to provide non-potable water. As such, an operating licence amendment will be required to allow it to supply non-potable water to the Shire-owned Dampier Oval (also known as Windy Ridge Oval) in Dampier that it currently supplies. ▪ Although Hamersley Iron does not have an operating licence to provide non-potable water supplies, both sports ovals are approved discharge points under 	<ul style="list-style-type: none"> ▪ Rio Tinto Iron Ore Utilities Division - Drinking Water Quality Annual Report – Towns - 1/7/2013 to 30/6/2014 (RTIO-AM-0131475) ▪ Rio Tinto Iron Ore Utilities Division - Drinking Water Quality Annual Report – Towns - 1/7/2014 to 30/6/2015 (RTIO-AM-0148662)

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<p>a Part V licence (licence number L6755/1996/9) issued by the Department of Environment Regulation.</p> <ul style="list-style-type: none"> ▪ Drinking water performance is tabulated in the quarterly and annual reports to the Department of Health. 100% compliance for microbiological and health related chemical parameters was achieved in 2013/14 and 2014/15. ▪ Hamersley Iron provides the ERA with annual performance reporting data. We reviewed the following performance reports at audit: <ul style="list-style-type: none"> – 2013/14 performance report dated 16 July 2014 – 2014/15 performance report dated 28 July 2015 ▪ We confirmed that the licensee submitted both performance reports in the audit period before the due date. The 2015/16 performance report had not been finalised for submission at the time of this review. <p>Performance Standards / Achievement of Customer Service Levels</p> <ul style="list-style-type: none"> ▪ Hamersley Iron's performance standards are based on the Water Services Operating Licence, and are measured in the annual performance and compliance reports. This data is tabulated and analysed by location in the Site Reliability Plans to determine KPI performance, and this information is used to update the maintenance tactics, the asset replacement strategy, and the ongoing capital plans. ▪ In 2014/2015, the main issue identified was unplanned water interruptions due to burst/leaking mains in Tom Price. In 2015/16, issues identified were leaking mains (Paraburdoo and Tom Price), and sewer blockages (Dampier). ▪ The licensee has individual performance standards specified in its operating licence related to pressure and flow standards. The standard was included in both versions of the operating licence that were in place during the review period. <ul style="list-style-type: none"> – The minimum standard for the static pressure of the potable supply is 15 metres of water – The maximum standard for the static pressure of the potable supply is 100 metres of water. – The minimum standard for the flow of the potable supply is 20 litres per minute ▪ The standards apply to each of the licensee's three potable water supply networks. ▪ The licensee has bulk flow meters within each of its towns and also conducts pressure and flow tests annually in each of its water supply systems, using a selection of properties within each town. The properties used in the annual 	

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<p>tests rotates from year-to-year and the licensee selects some properties at the end of the lines as part of the selection.</p> <ul style="list-style-type: none"> ▪ The percentages of connected properties supplied at a pressure and flow that meets the standards set out in the licence (12 month data) were as follows: <ul style="list-style-type: none"> – 2013/14: 100% – 2014/15: 100% – 2015/16: 100% ▪ The licensee provided the test sheets for the pressure and flow tests and we confirmed that it has achieved a 100% performance against the standards included in the operating licence for each year during the audit period. The results showed the flow and pressure to be well within the required targets. ▪ During the period for which the performance targets included in Version 6 of Hamersley Iron's operating licence were applicable (1 June 2013 to 18 November 2013, the licensee complied with the service and performance standards as set out in Schedule 4 of Version 2 of its operating licence. ▪ The licensee complied with its licence requirement targets for: <ul style="list-style-type: none"> – Responding to 90% of emergency customer calls within an hour – Responding to 90% of customer complaints within 15 business days – Meeting the pressure and flow requirements to provide at least 90% of customers with a minimum static pressure of 15m, a maximum static pressure of 100m and a minimum flow of 20 litres per minute. – Meeting the requirement that at least 75% of connected customers have not experienced a complete interruption to their water supply exceeding one hour – Achieving fewer than 20 leaks or bursts per 100km of water main – Achieving fewer than 40 blockages per 100km of sewer main – Meeting the requirement that 90% of connecting customers experience no overflow. 	
Asset Operations – Overall Rating: A1		
<ul style="list-style-type: none"> ▪ Operational policies and procedures are documented and linked to service levels required. ▪ Risk management is applied to prioritise operations tasks. ▪ Assets are documented in an Asset Register, including asset type, location, material, plans 	<p>Overview of Operational Policies and Procedures</p> <ul style="list-style-type: none"> ▪ An overview of Hamersley Iron's Asset Operations processes are included in Section 5 of its Asset Management Improvement Plan. ▪ Hamersley Iron's Operational and maintenance policies, procedures and service levels are described in the Site Reliability Plans, Operating Protocols, SAP, the CITECT systems. 	<ul style="list-style-type: none"> ▪ Rio Tinto – Iron Ore – Pilbara Utilities – Asset Management Improvement Plan – Water and Wastewater Services 2016 (RTIO-AM-0099745) ▪ Review of Hamersley Iron's CITECT system

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
<p>of components, an assessment of assets' physical / structural condition and accounting data.</p> <ul style="list-style-type: none"> ▪ Operational costs are measured and monitored. ▪ Staff resources are adequate and staff receive training commensurate with their responsibilities. 	<ul style="list-style-type: none"> ▪ Hamersley Iron's risk assessment practices are used to prioritise operational tasks based on drinking water quality, chlorine system operation, sewer system operation, water supply operation, etc. These link to service levels such as drinking water quality, maintenance of pressure and flow, water and sewer system performance. ▪ Water supply systems in Paraburdoo, Tom Price and Pannawonica are automated via CITECT control systems, based on matching supply to maintain preset storage tank control settings. ▪ Sewer systems are generally gravity, with two pump stations in each of the Paraburdoo and Tom Price town systems, three in the Dampier town system, and three pump stations in the Paraburdoo mine system. ▪ The Site Reliability Plans and Operating Protocols provide the required operational information for these systems. Further detailed information is contained in SAP, CITECT and detailed operating instructions. ▪ Details of system assets, overviews and schematics are provided in Water and Wastewater Boundary Agreement documents. ▪ Risk assessments have been used to develop and prioritise the key operational tasks. This includes drinking water risk assessments, based on operational and maintenance tasks to ensure reliability and compliance at identified critical control points. ▪ Incidents that occur in the system are logged using the Prospect (Business Solution) system. 	<ul style="list-style-type: none"> ▪ SWP register (RTIO-HSE-0202708). ▪ Examples of Site reliability Plans ▪ Rio Tinto – Pilbara Utilities – Drinking Water Quality Management Plan (RTIO-HSE-0241762) ▪ Rio Tinto – Pilbara Utilities – Recycled Water Quality Management Plan (RTIO-AM-0146434) ▪ SAP ▪ ARMS ▪ Examples of monthly reports, including cost information ▪ Rio Tinto – Pilbara Utilities - Water Services Guidance Note (RTIO-AM-0125857) ▪ Annual ERA Compliance Reports 2013/14 and 2014/15 ▪ Annual Environmental to Reports to Department of Environment Regulation for Dampier Wastewater Treatment Plant for 2013, 2014 and 2015 ▪ Annual Environmental to Reports to Department of Environment Regulation for Paraburdoo Waste Water Treatment Plant for 2013, 2014 and 2015 ▪ Annual Environmental to Reports to Department of Environment Regulation for Tom Price Waste Water Treatment Plant for 2013, 2014 and 2015 ▪ Rio Tinto Iron Ore Utilities Division - Drinking Water Quality Annual Report – Towns - 1/7/2013 to 30/6/2014 (RTIO-AM-0131475)
	<p>SCADA for Asset Operations</p> <ul style="list-style-type: none"> ▪ As noted above, Hamersley Iron uses a CITECT SCADA system for the operation of its water and wastewater schemes. ▪ Hamersley Iron is currently in the process of upgrading all of the SCADA systems that it uses to manage the water and wastewater services it provides. The Bungaroo water supply project was the most recent system to be built and this is becoming the standard for the upgrade work taking place. ▪ The upgrade project has an approved expenditure in the region of \$800,000. Site installations and commissioning are due to take place in August and September 2016. Hamersley Iron will run both the old and new systems in parallel to allow the new system to be reviewed before closing down and removing the old system. ▪ The operational centre located in Perth has access to all the CITECT screens. At the current time, the SCADA for each town can only be viewed in in that town and the Perth operational centre, i.e. Paraburdoo does not currently have access to the Tom Price CITECT screens, only the Paraburdoo information. 	

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<ul style="list-style-type: none"> For the water schemes, the system provides information on bore pumps, pumping stations and storage reservoirs. Information on the chlorine residual levels in the water, as well as the chlorine gas bottle levels is recorded and reported through the system. 	<ul style="list-style-type: none"> Rio Tinto Iron Ore Utilities Division - Drinking Water Quality Annual Report – Towns - 1/7/2014 to 30/6/2015 (RTIO-AM-0148662)
	<p>Chemical Supplies</p> <ul style="list-style-type: none"> For the chlorine gas cylinders, Hamersley Iron has a cycle of delivery and return. There is usually a two week wait time on delivery. Spares are stored at a number of sites where the chlorine is used. 	
	<p>Asset Register</p> <ul style="list-style-type: none"> Hamersley Iron has recorded all of its asset in an asset register, which is read in conjunction with site Boundary Agreements describing the location of assets. It has also developed the Asset Register Mapping System (ARMS), a GIS based asset register to ensure that data can be analysed based on asset condition and geographic location. Specific asset function locations are contained within SAP. Standard work procedures (SWP) have been developed for operating tasks, and these are detailed in a SWP register (RTIOHSE-0202708). 	
	<p>Operational Costs</p> <ul style="list-style-type: none"> Operations costs are monitored in the monthly Utilities costs report, which are divided by area, asset, and functional task. These costs are derived from the SAP system, and reflect true costs of operations and maintenance, based on assessment of actual costs versus target. 	
	<p>Staff Training</p> <ul style="list-style-type: none"> Staff training is completed both internally (e.g. inductions, awareness training), and externally (e.g. chlorine awareness training). In addition, certain staff received Asset Management system training through the Rio Tinto Asset Management Professional Development Program. Throughout the asset management system review, the operations staff demonstrated an excellent level of understanding of the schemes, the assets and the associated operating procedures and systems. Staff resources are considered to be adequate and staff were confirmed to receive training commensurate with their responsibilities. 	

Asset Maintenance – Overall Rating: A1

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
<ul style="list-style-type: none"> ▪ Maintenance policies and procedures are documented and linked to service levels required. ▪ Regular inspections are undertaken of asset performance and condition. ▪ Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule. ▪ Failures are analysed and operational / maintenance plans adjusted where necessary. ▪ Risk management is applied to prioritise maintenance tasks. ▪ Maintenance costs are measured and monitored. 	<p>Overview of Asset Maintenance Processes</p> <ul style="list-style-type: none"> ▪ There is an overall Rio Tinto Iron Ore Asset Management Maintenance Strategy and the Water Asset Management Maintenance Strategy underneath that provides a risk assessment of all risks associated with operating and maintaining the water and wastewater assets. These are aligned to the corporate objectives and also to the customer service targets. ▪ Hamersley Iron utilises SAP for its asset register and for its Computerised Maintenance Management System (CMMS). ▪ Reliability-centred maintenance (RCM) is used as the basis for maintenance activities. Work is packaged up into maintenance activities depending on the type of maintenance and the frequency, e.g. monthly mechanical maintenance, quarterly electrical maintenance. ▪ Hamersley Iron's asset register is maintained in SAP. The asset register is used to assess asset condition and performance, including asset under-utilisation. ▪ SAP is used to schedule the planned maintenance work. It is also used for reactive maintenance tasks, e.g. for maintenance identified from scheduled inspections (PM02 tasks) and for breakdowns (PM03 tasks). <p>Maintenance Scheduling</p> <ul style="list-style-type: none"> ▪ The process of managing the maintenance tasks to be completed each week starts with a meeting each Tuesday morning for the Supervisors to review the tasks and the workload for the upcoming week. ▪ A schedule is agreed for the week and the workload is locked in on the Wednesday of each week. Statutory-related maintenance work is the highest priority work and if this needs to be completed in a particular week, other lower priority work may be rescheduled. ▪ The job cards and maintenance job orders are printed out each Thursday. A large format hard copy print of all the work orders for the week is printed out and completed jobs are marked off as required. This allows easy visual tracking of the week's workload. ▪ Jobs are reviewed during the week and the time to complete work is confirmed. Work is rescheduled if required. This may happen when reactive or breakdown emergency work occurs and maintenance resources are needed urgently to rectify the issue. ▪ Once the work orders have been completed, the completed work sheets are returned, the jobs are closed and the information collected from the field is manually updated in SAP. If the inspection/maintenance identified more work as being required, this is recorded on the job sheet and provided to the 	<ul style="list-style-type: none"> ▪ Rio Tinto – Iron Ore – Pilbara Utilities – Asset Management Improvement Plan – Water and Wastewater Services 2016 (RTIO-AM-0099745) ▪ SAP ▪ ARMS ▪ RTTMS ▪ Examples of Process Resource Tools (PRTs) ▪ Examples of monthly reports, including cost information ▪ Rio Tinto – Pilbara Utilities - Water Services Guidance Note (RTIO-AM-0125857) ▪ Annual ERA Compliance Reports 2013/14 and 2014/15 ▪ Annual Environmental to Reports to Department of Environment Regulation for Dampier Wastewater Treatment Plant for 2013, 2014 and 2015 ▪ Annual Environmental to Reports to Department of Environment Regulation for Paraburdoo Waste Water Treatment Plant for 2013, 2014 and 2015 ▪ Annual Environmental to Reports to Department of Environment Regulation for Tom Price Waste Water Treatment Plant for 2013, 2014 and 2015 ▪ Rio Tinto Iron Ore Utilities Division - Drinking Water Quality Annual Report – Towns - 1/7/2013 to 30/6/2014 (RTIO-AM-0131475) ▪ Rio Tinto Iron Ore Utilities Division - Drinking Water Quality Annual

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<p>Maintenance Planner to address and update. Hamersley Iron uses its ticketing system, RTTMS for recording changes that need to be made to a work order if additional tasks are identified.</p> <ul style="list-style-type: none"> External contractors are generally used in circumstances when the Hamersley Iron staff do not have the specific skill sets to be able to complete the job, e.g. concrete works. 	<p>Report – Towns - 1/7/2014 to 30/6/2015 (RTIO-AM-0148662)</p>
	<p>Asset Inspections</p> <ul style="list-style-type: none"> Hamersley Iron has a series of Process Resource Tools (PRTs), which are documents that accompany a work order and provide an in-depth procedure for the inspection or change out tasks involved with completing the maintenance work order. This includes the functional locator information for each of the assets being inspected/maintained and instructions for isolations. The PRT includes a comment section to allow any comments to be recorded if any issues are identified during the inspection/maintenance. Although Hamersley Iron uses SAP as its primary maintenance system, it uses a paper-based system for the field work. A mobile system using tablets is currently being trialled. Hamersley Iron considers that the current system allows it to better track progress. Although a paper-based system is used, the format has been developed and continually improved to minimise the information being recorded by hand. Hamersley Iron has a condition profile for its sewer pipes. This has been based on CCTV inspections of the sewer systems in each town, which are undertaken every year between 2006 and 2013. However, the frequency of the inspections was considered to be too high and since 2013 the CCTV inspections have been carried out of a more ad hoc basis. Visual inspections of the town storage reservoirs have been completed during the review period using a remote vehicle, with the collected data being used to develop a 3D model of the tanks in order to show defects in the surface and areas where the wall thickness of the tanks has been reduced. This inspection approach has meant that divers were not required to internally inspect the water storage tanks, eliminating the health and safety elements of working at height and within the structures. The storage tank roofs at Tom Price are expected to be replaced during 2017/18. The inspections and maintenance of the Bungaroo assets are conducted as for the town assets, with SAP used to record the work orders to be carried out. As the assets are new, the performance data being collected for the Bungaroo assets is being used to develop the maintenance programs for the assets. As the pipeline is buried, inspections have only been carried out so far on the above ground assets. 	

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<ul style="list-style-type: none"> ▪ The pipe is relatively new, having been constructed towards the end of the previous asset management system review period, and no condition issues would be expected yet. A flow meter is located at each end of the pipeline allowing water loss to be monitored. ▪ The chlorine residual is measured at each end of the pipeline and turbidity levels are measured at the Borefield. ▪ Weekly checks of the chlorine assets are carried out and the weights of the gas cylinders is monitored via the SCADA system to allow replacement bottles to be ordered. Replacement chlorine bottles are delivered from Perth. Servicing of the chlorine assets is completed in-house. ▪ The chlorine residual in the water supply is monitored and sampling is carried out within each reticulation network in accordance with the requirements set out in Hamersley Iron's approved Drinking Water Quality Management Plan and the Memorandum of Understanding it has in place with the DoH. ▪ A shutdown of the assets is carried out every four weeks in order to check the alarms. ▪ Sludge levels in the wastewater treatment lagoons are monitored. In 2012 (outside the current audit period), a remote control boat equipped with sonar was used to plot the sludge levels in the lagoons. This resulted in a lagoon at Tom Price being desludged during 2013. 	
	<p>Emergency Responses</p> <ul style="list-style-type: none"> ▪ Emergency calls are generally delivered to the call centre in Perth, a work request is created in RTTMS and issued to the on-call supervisor. Staff who are rostered on are all available out of hours if required. In addition, there are contractors in each town serviced by Hamersley Iron that can be called in to assist if required. Staff from within the business can also be called in if required, e.g. electrical staff. 	
	<p>Risk Management</p> <ul style="list-style-type: none"> ▪ Risk assessment of the assets is used to develop the maintenance program and the tasks involved. 	
	<p>Failure Analysis</p> <ul style="list-style-type: none"> ▪ Hamersley Iron has a Failure Investigation template that it uses to record details of and analyse asset failures. These are then used to create notifications in SAP if required. 	

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<p>Maintenance Budgeting</p> <ul style="list-style-type: none"> ▪ SAP records the time spent on a task within a job and this can be rolled up to provide the costs for completing the job. Material, labour and external contractor costs are recorded in the system. ▪ For maintenance budgeting purposes, two budgeting periods are in place. The Q3 budget period covers a 27 month period, while the Q2 budget period currently covers the second half of 2017/18. These are the Rio Tinto standard time periods associated with the length of its business budgeting periods. ▪ The maintenance budgets consist of three elements. The first of these is the planned maintenance work that Hamersley Iron knows it has to carry out and knows the frequency that the work has to be completed at. The second is task based maintenance, where the maintenance tasks are known but the frequency and cycle of the work is not yet known. The third element is for new maintenance where the inspection and maintenance requirements and costs are not yet known. <p>Maintenance Costs</p> <ul style="list-style-type: none"> ▪ Zero-based budgeting, where all expenses must be justified for each new period, is used for developing the maintenance budget. The budgets are reviewed and approved. ▪ Maintenance activities and tasks are recorded against cost centres and cost elements to allow the maintenance expenditure to be tracked and reported. ▪ If required, there is also an overheads budget. This is not maintained in SAP but is managed using a spreadsheet that is uploaded into SAP afterwards. ▪ Maintenance costs are monitored in the monthly Utilities costs report, which are divided by area, asset, and functional task. These costs are derived from the SAP system, and reflect true costs of operations and maintenance, based on assessment of actual costs versus target. <p>Maintenance Reporting</p> <ul style="list-style-type: none"> ▪ Hamersley Iron monitors its maintenance system effectiveness using a Global Metric scorecard and it has a number of metrics that it uses to review the tasks and to assist with the maintenance scheduling cycle. If the completed work orders show the maintenance requirements are less than had originally been set out in the PRT, the maintenance cycle is extended for that particular task/asset. ▪ Schedule compliance is assessed. The time required to complete the tasks and the number of tasks completed are reviewed against a target of completing 85% of tasks for the week and a target of 70% of the time taken was completed 	

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	on scheduled jobs (as opposed to reactive work). The metrics are used on an ongoing basis to assess whether staffing resources are adequate to complete the required maintenance workload.	
Asset Management Information System – Overall Rating: A1		
<ul style="list-style-type: none"> ▪ Adequate system documentation for users and IT operators ▪ Input controls include appropriate verification and validation of data entered into the system ▪ Logical security access controls appear adequate, such as passwords ▪ Physical security access controls appear adequate ▪ Data backup procedures appear adequate and backups are tested ▪ Key computations related to licensee performance reporting are materially accurate ▪ Management reports appear adequate for the licensee to monitor licence obligations 	<p>Overview</p> <ul style="list-style-type: none"> ▪ Section 7 of Hamersley Iron’s Asset Management Improvement Plan outlines the Asset Management Information Systems. ▪ The Hamersley Iron asset management system utilises a combination of related Corporate Rio Tinto systems, data and processes, under the umbrella of the Asset Management Improvement Plan. These systems include: <ul style="list-style-type: none"> – RTTMS (Rio Tinto Ticketing Management System) – for recording customer contacts/complaints and creating work orders to investigate and rectify. The system is also used internally for creating actions to complete a work request, e.g. updating the information included in a work procedure. – SAP (maintenance planning system) - limited access, with separate codes for access to individual functions of the system. – HSEQ system - controlled document management system for HSEQ specific information, with limited access. – FDMS (document management system) - limited access based on position and with document check and approval functions. – LAORS - controlled access by approved Administrator (register available) – Prospect - business management system (including incident reporting) - access by logon to PC – CAPS - Capital Approvals & Planning System - approval for capital projects - access by logon to PC. – Iron Ore Intranet - various functions, including the portal for the Engineering & Asset Management group (custodians of the RTIO Asset Management standards). – ARMS (Asset Register Mapping System) – CITECT - water and wastewater operating and control system - limited access, controlled by password. – Outage database for recording interruptions and spills data from Prospect. – Reporting for Operating Licence Performance and Compliance reports compilation. 	<ul style="list-style-type: none"> ▪ Rio Tinto – Iron Ore – Pilbara Utilities – Asset Management Improvement Plan – Water and Wastewater Services 2016 (RTIO-AM-0099745) ▪ SAP ▪ ARMS ▪ RTTMS ▪ Examples of monthly reports, including cost information ▪ Rio Tinto – Pilbara Utilities - Water Services Guidance Note (RTIO-AM-0125857) ▪ Annual ERA Compliance Reports 2013/14 and 2014/15 ▪ Annual Environmental to Reports to Department of Environment Regulation for Dampier Wastewater Treatment Plant for 2013, 2014 and 2015 ▪ Annual Environmental to Reports to Department of Environment Regulation for Paraburdoo Waste Water Treatment Plant for 2013, 2014 and 2015 ▪ Annual Environmental to Reports to Department of Environment Regulation for Tom Price Waste Water Treatment Plant for 2013, 2014 and 2015 ▪ Rio Tinto Iron Ore Utilities Division - Drinking Water Quality Annual Report – Towns - 1/7/2013 to 30/6/2014 (RTIO-AM-0131475)

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<ul style="list-style-type: none"> Generally the documentation from the systems are built into the systems. There are some brief guidance notes in some cases. The Water Services Guidance Note and the Core Services Land Development Guidance Note include some specific procedures related to using the systems for particular water service activities. 	<ul style="list-style-type: none"> Rio Tinto Iron Ore Utilities Division - Drinking Water Quality Annual Report – Towns - 1/7/2014 to 30/6/2015 (RTIO-AM-0148662)
	<p>Document Management</p> <ul style="list-style-type: none"> Data and reports are stored in the Rio Tinto Iron Ore FDMS system, and within SAP. Maintenance staff complete data entry and time confirmation of tasks directly into SAP. Supervisors may add additional information to tasks or job reports. Hamersley Iron has recently implemented a dashboard system for its water quality laboratory sample results which allows the data to be automatically imported into the system. 	
	<p>Security Access and Data Back-Up</p> <ul style="list-style-type: none"> Access to mine sites and ports is restricted by gates, which require authorised access by electronic security pass. All offsite assets (e.g. bores, pump stations, storage tanks, sewer pump stations, wastewater treatment plants) are located in secure, fenced and locked compounds. Access to systems via personal PC is controlled by passwords, which are required to be changed on a regular basis. Data is continually backed up to cloud storage each day via Accenture. There is also a physical back up of the key data systems used by Hamersley Iron. Backups are tested and data backup procedures are robust. 	
	<p>Management Reporting</p> <ul style="list-style-type: none"> Water Services licence reports, including associated reports such as Drinking Water Quality reports, are based on ERA and DoH standardised reporting formats. All reporting is completed in accordance with the requirements of the applicable regulator. Annual Performance and Compliance Reports, and the annual Drinking Water Quality Reports are reviewed and endorsed by the General Manager Pilbara Utilities. Performance standards are reported to the ERA annually. An annual compliance report is also submitted to the ERA. Service level data from the annual drinking water quality reports and annual performance reports (sewer overflows and water mains bursts) is tracked and reviewed on an annual 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 tactics. 	

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
---	------------------------	----------

- Internal monthly management reports are used to track progress on actions/work and to monitor actual expenditure against budgets.

Risk Management – Overall Rating: A1

Overview of Risk Management

- | | | |
|---|---|--|
| <ul style="list-style-type: none"> Risk management policies and procedures exist and are being applied to minimise internal and external risks associated with the asset management system Risks are documented in a risk register and treatment plans are actioned and monitored The probability and consequences of asset failure are regularly assessed | <ul style="list-style-type: none"> Section 8 of Hamersley Iron’s Asset Management Improvement Plan outlines the risk management processes. Hamersley Iron’s risk management is carried out with regard to two key risk areas. The first is the risks associated with the workplace health and safety environment. The second is the business-related risks associated with the higher level risks to deliver the business objectives, e.g. supply potable water, provide sewerage services. Risk management is carried out in a number of forms, based on the RTIO Hazard Identification and Risk Management Work Practice and includes: <ul style="list-style-type: none"> Risk register Site Reliability Plans, and the associated Site Asset Risk and Contingency plans Drinking Water Quality Management Plan risk assessments Chlorine risk assessment - Chlorine Management Plan Systems risk assessment (external risks) Specific risk reports provided by consultants, to support Active Risk Manager | <ul style="list-style-type: none"> Rio Tinto Risk Management Policy Rio Tinto Risk Management Standard, June 2014 Rio Tinto – Iron Ore – Pilbara Utilities – Asset Management Improvement Plan – Water and Wastewater Services 2016 (RTIO-AM-0099745) RTIO Hazard Identification and Risk Management Work Practice (RTIO-HSE-0062207) Risk register Summary Sheet Examples of risk details recorded in ARM |
|---|---|--|

Risk Register

- The Risk Register is maintained in ARM. This is used to provide the entire organisation with a view of all the business’s risks. Currently, 25 of the risks in the register relate to the business operations of Hamersley Iron. These risks can be broadly categorised as risks for a coastal water supply, risks for asset failure inland and risks associated with wastewater management.
- The risk register also records all of the statutory risks associated with the water and wastewater services provided by Hamersley Iron and the risks of the commodity of supply, e.g. reliability of the water supply.
- Risks are managed in accordance with the Australian Standard, AS/NZS ISO 31000:2009. Risks are identified, scored, ranked and a residual score also assessed. For Class 1 and 2 risks, the risks are monitored. For Class 3 risks, a plan to mitigate is developed. For Class 4 risks, mitigation actions are developed to reduce the score to an acceptable level within the organisation’s appetite for risk.

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<ul style="list-style-type: none"> ▪ The risks included in the Risk Register are used to assess proposed capital expenditure and to develop the annual capital plan. The development of all capital projects involves risk assessment to align the projects with the corporate objectives and strategies. ▪ Hamersley iron also manages environmental risks related to its operating licences and discharges. These risks include odour, wastewater spills and the correct management of waste. The register used for the environmental risks is maintained in an Excel spreadsheet. Based on the residual risk score, all wastewater risks have been assigned as low or moderate risks. The environmental risks are reviewed every three years in an internal workshop. <p>Review of Risks</p> <ul style="list-style-type: none"> ▪ Review of the risks are carried out twice each year with the assigned owners of the risks. A sense check is completed to confirm that the risk is still relevant and a more detailed review is completed to ensure that the components that make up the risk register entry are still appropriate and up-to-date. ▪ Rio Tinto also completes an annual critical risk assessment, which is an independent review to the market for insurance purposes and is used to provide the market that Rio Tinto is maintaining its assets. ▪ A critical risk assessment of water supply, wastewater and hydrocarbons systems was completed in October 2015, for town, mine and port facilities, by an external consultant (Hawcroft). No critical risks were identified for the four town systems for water & wastewater. ▪ The results of external risk assessments, assessment of service levels and asset failures, and condition monitoring programs are used in the review and update of the Site Asset Risk and Contingency Plans. ▪ The likelihood rating of the Bungaroo tank risk was updated from 'Unlikely' to 'Possible' due to failure of the liner (due to pinholes causing a leak) in 2015. The liner tanks are not used in any of the town water supply systems. 	
Contingency Planning – Overall Rating: A1		
<ul style="list-style-type: none"> ▪ Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks 	<p>Overview of Contingency Planning</p> <ul style="list-style-type: none"> ▪ Hamersley Iron has developed contingency plans for all major asset classes based on the Rio Tinto Iron Ore Business Continuity Work Practice, and Business Resilience and Emergency Response Guidance Note. ▪ The contingency plans are stored with Element 12 of HSEQ, the system that Hamersley Iron uses to manage its workplace health and safety activities. This includes the plans for recovering from a number of different scenarios. 	<ul style="list-style-type: none"> ▪ Rio Tinto – Iron Ore – Pilbara Utilities – Asset Management Improvement Plan – Water and Wastewater Services 2016 (RTIO-AM-0099745) ▪ Rio Tinto - Iron Ore - Business Continuity Work Practice Note (RTIO-HSE-0164285)

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<p>Continuity and a Business Resilience Management Plan</p> <ul style="list-style-type: none"> Plans have been developed for specific utilisation within the organisation, including Business Continuity and a Business Resilience Management Plan, which covers natural events such as floods, cyclones and bush fires. <p>Site Based Reliability plans and Emergency Response Plans</p> <ul style="list-style-type: none"> At the next level of contingency planning, plans have been developed for different assets and sites for the water and wastewater assets. Site based contingency plans have been assessed against the risks identified in the Site Asset Risk and Contingency Plans. This includes drinking water quality, water mains failure, storage tank failure, water pump station failure, chlorination system failure, sewer pump station failure, sewer main failure, recycled water system failure and fluoridation system failure (for the Bungaroo water supply). In addition to site specific plans, this includes specific emergency response plans for wastewater overflows and pond wall failure. The contingency plans outline the responses, actions and responsibilities associated with mitigating an incident or emergency. Key contacts are also listed in the contingency plans. Debrief protocols are also included. Hamersley Iron has developed Standard Work Procedures (SWP) for managing sewer overflows and spills and for returning potable water mains to service. <p>Testing of Contingency Plans</p> <ul style="list-style-type: none"> There is a requirement under the Memorandum of Understanding between Hamersley Iron and the DoH for drinking water for an annual test of the contingency plan related to drinking water quality. The most recent test was conducted in June 2016, towards the end of the current review period. The test of the contingency plan involved a desktop simulation based on a series of scenarios set by the DoH. Emergency response exercises were also conducted with the Department of Health, in June 2014 and May 2015. There were no non-compliance issues found from the testing of the MoU. Emergency and contingency plans are reviewed and tested on an annual basis, for each asset class (e.g. wastewater treatment plant emergency plans). Evidence was provided during site visit to Paraburdoo The contingency plans associated with the wastewater service were reviewed internally in June 2016. Hamersley Iron has not had to use any of its contingency plans to manage an event or emergency during the review period. 	<ul style="list-style-type: none"> Rio Tinto - Business Resilience and Recovery Guidance Note (GNMS1201) Rio Tinto – Iron Ore – Emergency Response Plan (RTIO-HSE-0188892) Rio Tinto - Iron Ore (WA) Business Continuity Plan - Water Infrastructure and Supply (RTIO-HSE-0273691) Blue Banner - HSE General Notice - RTIO Core Services – 1 May 2016, outlining Core Services Business Resilience Team structure changes and contact details Examples of Site Based Contingency Plans SWP for Sewer Overflows (RTIO-HSE-0162350) SWP for Return of Potable Water Mains to Service (Drinking Water Quality) - Pipe Break (RTIO-HSE-0269377)

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<ul style="list-style-type: none"> Hamersley Iron's current contingency plan testing regime is considered sufficient. 	
Financial Planning – Overall Rating: A1		
<ul style="list-style-type: none"> The financial plan states the financial objectives and strategies and actions to achieve the objectives The financial plan identifies the source of funds for capital expenditure and recurrent costs The financial plan provides projections of operating statements (profit and loss) and statement of financial position (balance sheets) The financial plan provide firm predictions on income for the next five years and reasonable indicative predictions beyond this period The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services Significant variances in actual / budget income and expenses are identified and corrective action taken where necessary 	<p>Overview of Financial Planning</p> <ul style="list-style-type: none"> An overview of Hamersley Iron's Financial Planning processes are included in Section 10 of its Asset Management Improvement Plan. Rio Tinto's Business Planning group are responsible for the overall financial planning process within the organisation. Financial plans are managed by Utilities leadership team (General Manager, Managers) assisted by Business and Operational Analysts. <p>Budgeting Processes</p> <ul style="list-style-type: none"> The annual budgeting process is split into two different cycles. Between March and June each year, a five year business plan that is linked to the corporate strategic objectives is prepared. Following this extended plan, between July and October each year, the financial plan for the following year is developed. The processes are driven by Rio Tinto's global requirements and the overall financial planning is completed at an amalgamated level. Financial budgeting is prepared by different managers within the organisation and is prepared by location. As a result, the overall financial plans include more than the water and sewerage financial planning. The five year budget forms the long term financial plan. Although this is a relatively short timeframe, it is based on the mining industry timeframes. These are related to the life of the mines, which often are not long-term ventures. The finance plan forms the basis of Hamersley Iron's budget, for operating and maintenance purposes. A zero based maintenance budget is prepared for the current and following year (2 year cycle). Asset renewals and upgrades are funded under the capital plan using the same approach, and included in the same long-term five year plan and more detailed one year financial plan. The Bungaroo project was categorised as an expansion project and, as a result, was treated differently from a normal upgrade/renewal project. <p>Funding Sources</p> <ul style="list-style-type: none"> The funding requirements for Hamersley Iron's operating and capital expenditure are not linked to the revenue brought in through rates and tariffs charged to the customers for providing the services. Instead funding requirements are viewed as the normal operating costs associated with the 	<ul style="list-style-type: none"> Rio Tinto – Iron Ore – Pilbara Utilities – Asset Management Improvement Plan – Water and Wastewater Services 2016 (RTIO-AM-0099745) Rio Tinto Annual Reports 2013/14 and 2014/15 2016/17 Hamersley Iron budget Hamersley Iron Five Year Budget 2016/17 to 2020/21 2016/17 Hamersley Iron Fees and Tariffs Rio Tinto – Iron Ore – Capital Accounting Manual (RTIO-*****) Rio Tinto - Project Initiation Form (RTIO-AM-0170548) Examples of completed Project Initiation Forms Examples of completed Bluesheets Examples of completed Capital Expenditure Application Forms

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<p>core business mining operations in the areas serviced by Hamersley Iron and these are funded from mining revenues.</p> <p>Development of Projects</p> <ul style="list-style-type: none"> The development of water and wastewater projects within the financial planning process is based on a formal process. There is an established corporate process for developing a project through a series of project justification forms and review, each iteration providing more detail of the project. Each project is assessed by risk score and prioritisation. Successful projects are rolled up into the approved investment strategy. Further details are included in the Asset Creation section of this report. <p>Financial Reporting</p> <ul style="list-style-type: none"> A rolling monthly forecast is used to track finances. The timings for projects and financial forecasts are updated by the relevant Managers each month for the current year's financial plan. Actual expenditure against budget is also reported monthly. Summarised financial information is provided to the managing Director each month. Rio Tinto Iron Ore finance plans provide projections of operating statements (profit and loss) and statement of financial position (balance sheet), and predictions of income for the next five years. 	

Capital Expenditure Planning – Overall Rating: A1

<ul style="list-style-type: none"> There is a capital expenditure plan that covers issues to be addressed, actions proposed, responsibilities and dates The plan provides reasons for capital expenditure and timing of expenditure The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan There is an adequate process to ensure that the capital expenditure plan is regularly updated and actioned 	<p>Overview of Capital Expenditure Planning</p> <ul style="list-style-type: none"> Capital planning process is based on the requirements of the Rio Tinto Iron Ore Capital Accounting Manual. The Capital Coordinator's Guide is used to manage the capital program. Capital expenditure is reported and reviewed monthly at a business group level and is monitored weekly by each individual group. <p>Capital Planning Processes</p> <ul style="list-style-type: none"> Hamersley Iron's capital planning has a number of stages and these include: <ul style="list-style-type: none"> Concept initiation - a conceptual study which provides sufficient data to allow some informed judgment on the likely extent and nature of a business opportunity. These studies are generally used to determine if, and when, an opportunity is sufficient to warrant detailed order of magnitude technical and economic studies. 	<ul style="list-style-type: none"> Rio Tinto – Iron Ore – Pilbara Utilities – Asset Management Improvement Plan – Water and Wastewater Services 2016 (RTIO-AM-0099745) Rio Tinto Capital Coordinator's Guide (CA02) Rio Tinto – Iron Ore – Capital Accounting Manual (RTIO-*****) Rio Tinto - Project Initiation Form (RTIO-AM-0170548) Examples of completed Project Initiation Forms Examples of completed Bluesheets
---	---	---

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<ul style="list-style-type: none"> - Order of magnitude (OoM) - normally occurs after the concept study indicates that a business opportunity is worth pursuing. In some cases a concept study may not be required. The aim of the OoM is to determine if a business case can be developed to justify the cost of the capital project progressing to Pre-feasibility and to develop key basic data and assumptions that support the business case. - Pre-feasibility (PFS) - during this study, various project options are studied and narrowed to the preferred option in readiness for Feasibility (FS). - Feasibility (FS) - this confirms and maximizes the value of an opportunity by developing scope, engineering, execution plans and cost estimates for an option selected during PFS. For major projects, this culminates in delivering an investment proposal to the Rio Tinto Investment Committee (IC) for its consideration, often followed by referral to the Rio Tinto board for approval and authority to proceed with implementation - Project initiation form - Bluesheet - a reflective thinking process or tool to capture the essence of a proposal's purpose, logic and scope for the project team on a single page. These must be attached in CAPS for the project approval process to be initiated. - CEA (Capital Expenditure Application) - a document prepared to assist in the approval process for the proposed expenditure of capital funds. ▪ Not all stages are required for all projects and the majority of the capital projects completed by Hammersley Iron, which are generally small projects when compared to the large scale projects completed by Rio Tinto, and involve the renewal of existing assets only progress through the last three stages. 	<ul style="list-style-type: none"> ▪ Examples of completed Capital Expenditure Application Forms
	<p>Capital Expenditure Plan</p> <ul style="list-style-type: none"> ▪ The capital expenditure plan describes a schedule of future works, including replacement and upgrade plans for water mains and sewer mains, and is based on the asset replacement strategy. ▪ Project CEAs in the CAPS (Capital Approvals and Planning System) detail reasons for capital expenditure and timing of that expenditure. ▪ Where possible, projects are grouped together with one master project (e.g. HI water & sewer upgrades) made up of a number of similar sub-projects to increase efficiency and timing for the approval process, and allow economies of scale when quoting for the sub-projects. 	

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<ul style="list-style-type: none"> ▪ We confirmed that the capital expenditure plan is consistent with the asset life and condition identified in the asset management plan. ▪ The majority of capital upgrades relate to water and sewer mains. Appendix 10 of the Asset Improvement Plan details the capital sewer main upgrades completed to date, by town, and proposed mains to be upgraded in the current year ▪ We observed that the unit rates and replacement costs are high when compared to less remote areas of Australia. Hamersley Iron noted that in addition to the remote location making engineering works more expensive, the cost to external vendors/contractors carrying out work for Rio Tinto is high as these external businesses need to comply with Rio Tinto's health, safety, environmental and quality requirements. 	
	Review and Update of Capital Expenditure Plan	
	<ul style="list-style-type: none"> ▪ The Utilities Capital Plan is reviewed on a weekly basis by the Maintenance Engineering Manager, and assessed in monthly management reports. 	

Review of Asset Management System – Overall Rating: A1

<ul style="list-style-type: none"> ▪ A review process is in place to ensure that the asset management plan and asset management system described therein are kept current ▪ Independent reviews (e.g., internal audit) are performed of the asset management system 	<ul style="list-style-type: none"> ▪ Section 12 of Hamersley Iron's Asset Management Improvement Plan outlines the internal and external review requirements for the Plan. ▪ Hamersley Iron reviews its Asset Management Improvement Plan annually (in January). The current version of the Plan was updated in July 2016 and there were also updates in January and April 2016. We confirmed that asset management plan and asset management system described in the Plan have been kept current throughout the review period. ▪ Independent reviews of specific elements of the water and wastewater activities have been conducted during the review period as part of Rio Tinto's HSEQ (Health, Safety, Environment and Quality) audits. These audits are carried out by internal Rio Tinto auditors but staff who are external to the division. ▪ The most recent HSEQ audit took place in September 2015 and included a review of Hamersley Iron's maintenance systems, drinking water quality systems, and wastewater systems for maintenance & environmental compliance. The audit report showed no major non-compliances and six minor non-compliances. ▪ The previous HSEQ audit of Hamersley Iron took place in September 2013 and included an audit of the same elements. The findings included in the audit report included one major non-compliance related to not having a period medical program, which related to an internal Rio Tinto standard. 	<ul style="list-style-type: none"> ▪ Rio Tinto – Iron Ore – Pilbara Utilities – Asset Management Improvement Plan – Water and Wastewater Services 2016 (RTIO-AM-0099745) ▪ HSEQ Audit Report, September 2015 ▪ HSEQ Audit Report, September 2013 ▪ Hamersley Iron Pty Ltd – Operational Audit and Asset Management System Review – Audit Report – 23 September 2013 – Paxon Group
---	---	---

Asset Management Process / Effectiveness Criteria	Observation / Comments	Evidence
	<ul style="list-style-type: none"> ▪ A review of the global Rio Tinto Asset Management standard was completed in early 2016. Based on this review, a number of improvements were identified. Hamersley Iron's Water & Wastewater Asset Management Improvement Plan next annual review and update will ensure alignment with these new global Rio Tinto systems. ▪ The asset management system review has shown that Hamersley Iron has a very advanced and comprehensive asset management system that is fit-for-purpose. 	

6 Recommendations

6.1 Performance Audit

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

A. Resolved during current audit period			
Manual Ref.	Non-Compliance/Controls Improvement (Rating / Legislative Obligation / Details of Non-Compliance or inadequacy of controls)	Date Resolved (& management action taken)	Auditor's Comments
	<p><i>B2</i></p> <p><i>Water Services Code of Conduct (Customer Service Standards) 2013, Clause 21(1)</i></p> <p><i>The licensee must allow a customer to pay a bill using any of the prescribed methods selected by the customer.</i></p> <p><i>The prescribed methods are:</i></p> <ul style="list-style-type: none"> <i>a) Direct debit</i> <i>b) Centrepay</i> <i>c) Internet</i> <i>d) Telephone</i> <i>e) Post</i> 		
119	<p>We note that in its 2013/14 Compliance Report, the licensee reported a non-compliance against this obligation as the Centrepay option was not offered at this time. None of the licensee's customers could select Centrepay as a payment method and the licensee did not hold a Centrepay account during the year.</p> <p>The 2013/14 Compliance Report informed the ERA that legal advice had been requested and the issue was still under review at the time that the report was submitted, with any actions to be completed depending on the legal review.</p> <p>As one of the payment options was not available to customers during part of the audit period, this obligation has been rated as non-compliant. This issue has now been resolved.</p>	<p>The internal review conducted by Hamersley Iron resulted in the Centrepay option being offered to customers. Customers are informed of the option on their bills.</p>	<p>No further action required</p>

B. Unresolved at end of current Audit period			
Reference (no./year)	Non-Compliance/Controls Improvement (Rating / Legislative Obligation / Details of Non-Compliance or inadequacy of controls)	Auditor's recommendation	Management action taken by end of Audit Period
A1/2016	<p><i>B1</i></p> <p><i>Water Services Licensing Act, Section 38(2)</i></p> <p><i>The licensee must comply with the service and performance standards as set out in Schedule 4.</i></p> <p><i>1.1 Emergency response</i></p> <p><i>The licensee shall provide an emergency telephone advice system such that customers need make only one telephone call to report an emergency and that the customer shall be advised of the nature and timing of the action to be undertaken by the licensee.</i></p> <p><i>Target:</i></p> <p><i>90% of customers within 1 hour of reporting an emergency shall be advised of the nature and timing of the action to be undertaken by the licensee.</i></p> <p>Data related to the emergency response target was previously recorded by the Customer Service Team based on ensuring that the customer was advised of what would occur within one hour. The information was not recorded in RTMS or the outage database that the licensee maintains.</p> <p>As such, the licensee did not record the time to respond to the customer in the event of an emergency response and it is not possible, for the period within the audit period that this obligation was in place, to confirm, or otherwise, that 90% of customers within 1 hour of reporting an emergency were advised of the nature and timing of the action to be undertaken by the licensee.</p> <p>While we cannot confirm whether this performance standard was met, we consider that a failure to demonstrate compliance is not sufficient reason to rate this as a non-compliance. As this obligation is no longer in place, there is no</p>	<p>As this obligation is no longer in place, there is no recommendation for the licensee to rectify the issue.</p>	

B. Unresolved at end of current Audit period			
Reference (no./year)	Non-Compliance/Controls Improvement (Rating / Legislative Obligation / Details of Non-Compliance or inadequacy of controls)	Auditor's recommendation	Management action taken by end of Audit Period
		recommendation for the licensee to rectify the issue.	
A2/2016	<p>NP1 <i>Water Services Licensing Act 1995, Clause 8</i> <i>The licensee must establish customer consultation processes as set out in Schedule 3.</i></p> <p>Although this obligation has been made obsolete with the introduction of the <i>Water Services Act 2012</i>, we note that the Customer Charter that has been retained by the licensee is dated December 2011, and informs customers that "<i>Rio Tinto provides customer information and consultation by two methods: by conducting annual surveys and by the publication of magazines and newsletters. We will publish and make available at our premises information on matters relating to our water and waste water supply services and on other aspects such as complaints handling. Rio Tinto company representatives will provide their name and section in business discussions with customers.</i>"</p>	We recommend that the licensee reviews this information at the next review of its Customer Charter in order to decide whether the text is still relevant or needs to be revised or removed.	
A3/2016	<p>B2 <i>Water Services Act 2012, Clause 5.1</i> <i>Subject to any modifications or exemptions granted pursuant to the Act, the licensee must comply with any applicable legislation.</i></p> <p>Licensee has not complied with all applicable legislation. We have identified a number of non-compliances with applicable legislation as follows:</p> <ul style="list-style-type: none"> ▪ Section 27 – Requirements for Licences (Obligation 11) ▪ Section 29 – Duties of the Licensee (Obligation 12) 	Refer to the relevant recommendations included in this table.	
A4/2016	<p>B2 <i>Water Services Act 2012, Clause 5.3</i></p>	We recommend that the licensee address the recommendations A5/2016 to A9/2016.	

B. Unresolved at end of current Audit period			
Reference (no./year)	Non-Compliance/Controls Improvement (Rating / Legislative Obligation / Details of Non-Compliance or inadequacy of controls)	Auditor's recommendation	Management action taken by end of Audit Period
	<p><i>The licensee must comply with any code of conduct made by the Authority to the extent it applies to the licensee and is not inconsistent with the terms and conditions of the licence.</i></p> <p>Licensee has not complied with all of the obligations of the <i>Water Services Code of Conduct (Customer Service Standards) 2013</i></p>		
A5/2016	<p>B2 <i>Water Services Code of Conduct (Customer Service Standards) 2013, Clause 12(3)</i> <i>Each bill must inform the customer of the specified information and where further details can be obtained.</i></p> <p>We observed that the bill does not state that it can be reviewed in accordance with the licensee's review procedure mentioned in clause 18 (Clause 12(3)(e)). This information is available in the Bill Review Policy that is readily available to be viewed or downloaded from the licensee's website.</p>	<p>We recommend that the licensee updates its bill templates to inform customers that the bill can be reviewed in accordance with the licensee's review procedure.</p>	
A6/2016	<p>B2 <i>Water Services Code of Conduct (Customer Service Standards) 2013, Clause 35(4)</i> <i>The licensee's complaints procedure must:</i></p> <ul style="list-style-type: none"> ▪ <i>inform the customer that they do not have to use the licensee's complaints procedure,</i> ▪ <i>provide details of procedures under the Act, and</i> ▪ <i>set out the costs and benefits to the customer if the use the complaint resolution procedure or instead of the procedures under the Act.</i> <p>The information provided by the licensee does not set out the costs and benefits to the customer if the use the complaint resolution procedure</p>	<p>We recommend that the licensee reviews the information provided in the Complaints and Dispute Resolution Policy, the Customer Complaints Resolution Guideline and the Financial Hardship and Payment Difficulty Policy to provide details of the costs and benefits to the customer if the use the complaint resolution procedure or instead of the procedures under the Act.</p> <p>We also recommend that the licensee also include information related to the customer's ability to make an application for an appeal or apply for a review of the decision that gave rise to the complaint to the State Administrative Tribunal.</p>	

B. Unresolved at end of current Audit period			
Reference (no./year)	Non-Compliance/Controls Improvement (Rating / Legislative Obligation / Details of Non-Compliance or inadequacy of controls)	Auditor's recommendation	Management action taken by end of Audit Period
	<p>or instead of the procedures under the Act.</p> <p>In addition, the licensee's procedure does not provide any information related to the provision for customer to appeals from, or the review of, decisions using the procedures under the Water Services Act 2012, including applications to the State Administrative Tribunal for the review of such decisions.</p>		
	<p>B2</p> <p><i>Water Services Code of Conduct (Customer Service Standards) 2013, Clause 35(4)</i></p> <p><i>The licensee's complaints procedure must:</i></p> <ul style="list-style-type: none"> ▪ <i>inform the customer that they do not have to use the licensee's complaints procedure,</i> ▪ <i>provide details of procedures under the Act, and</i> ▪ <i>set out the costs and benefits to the customer if the use the complaint resolution procedure or instead of the procedures under the Act.</i> 	<p>We recommend that the licensee updates the Charter to remove the references to the Department of Water and replace them with the appropriate information for referring complaints to the Energy and Water Ombudsman.</p>	
A7/2016	<p>The information provided by the licensee does not set out the costs and benefits to the customer if the use the complaint resolution procedure or instead of the procedures under the Act.</p> <p>The licensee has retained its customer charter and makes it readily available to its customers via its website. The current version of the Customer Charter is dated December 2011.</p> <p>As it has not been updated since the introduction of the Water Services Act 2012, the option to refer the disputed complaint to the Department of Water is still communicated to customers.</p>		
A8/2016	<p>B2</p> <p><i>Water Services Code of Conduct (Customer Service Standards) 2013, Clause 37(1)</i></p>	<p>We recommend that the licensee adds appropriate text to at least one of these documents.</p>	

B. Unresolved at end of current Audit period			
Reference (no./year)	Non-Compliance/Controls Improvement (Rating / Legislative Obligation / Details of Non-Compliance or inadequacy of controls)	Auditor's recommendation	Management action taken by end of Audit Period
	<p><i>The licensee must make the prescribed information publicly available.</i></p> <p>The Conditions of Connections section of licensee's Customer Charter sets out the licensee's powers in relation to entry of property. It is also set out in the Interruption to Supply section of the Standard Connections for Water, Sewerage and Electricity Supply document.</p> <p>However, neither of these documents, nor the Invoicing and Meter Reading Policy, clearly informs customers with regard to the power of a person authorised under section 129 to enter a place without consent, notice or warrant to read a meter connected to the licensee's water service works.</p>		
	<p>B2 <i>Water Services Code of Conduct (Customer Service Standards) 2013, Clause 37(1)</i> <i>The licensee must make the prescribed information publicly available.</i></p>	<p>Although the licensee does not cut off the water supply to its customers, we recommend that it updates the Financial Hardship and Payment Difficulty Policy to inform customers of the requirements of 37(1)(i) of the Code.</p>	
A9/2016	<p>Although reduced services and disconnections are set out in the Financial Hardship and Payment Difficulty Policy, the information provided does not specify that the supply of water cannot be cut off to an occupied dwelling unless the occupier agrees to it. The Policy does inform customers that "It is our general policy to only reduce or disconnect services in health or safety emergencies. Will generally avoid this approach for the non-payment of bills."</p>		
A10/2016	<p>B2 <i>Water Services Act 2012, Section 12, Licence Clause 5.3</i> <i>The licensee must comply with the code of conduct that may be made by the Authority to the extent to which it applies to the licensee and is not inconsistent with the licence.</i></p>	<p>Refer to A3/2016</p>	

B. Unresolved at end of current Audit period			
Reference (no./year)	Non-Compliance/Controls Improvement (Rating / Legislative Obligation / Details of Non-Compliance or inadequacy of controls)	Auditor's recommendation	Management action taken by end of Audit Period
A11/2016	<p>The licensee has not complied with all of the obligations of the <i>Water Services Code of Conduct (Customer Service Standards) 2013</i></p> <p><i>B2</i> <i>Water Services Act 2012, Section 29, Licence Clause 26</i> <i>The licensee must comply with the duties imposed on it by the Act in relation to its licence and must carry out its operations in respect of the licence in accordance with the Act.</i></p> <p>The licensee has not complied with all the duties imposed on it by the Act as it was unable to meet all Code requirements.</p>	Refer to A3/2016	

6.2 Asset Management System Review

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

A. Resolved during current audit period			
Ref.	Asset System Deficiency (Rating / Asset Management System Component & Effectiveness Criteria / Details of Asset System Deficiency)	Date Resolved (& management action taken)	Auditor's Comments
B. Unresolved at end of current Audit period			
Reference (no./year)	Asset System Deficiency (Rating / Asset Management System Component & Effectiveness Criteria / Details of Asset System Deficiency)	Auditor's recommendation	Management action taken by end of Audit Period
R1/2016	<p><i>B2</i> <i>Environmental Analysis - Compliance with statutory and regulatory requirements</i></p> <p>The treated effluent from Hamersley Iron's Dampier</p>	We recommend that Hamersley Iron discusses an application for an amendment to its operating licence with the ERA to allow for the provision of a non-potable water service to the Shire-owned Dampier Oval that it currently supplies.	

B. Unresolved at end of current Audit period			
Reference (no./year)	Asset System Deficiency (Rating / Asset Management System Component & Effectiveness Criteria / Details of Asset System Deficiency)	Auditor's recommendation	Management action taken by end of Audit Period
	<p>treatment facility is disinfected by chlorination, stored on-site and then used to irrigate the town's sports ovals (Hampton Oval and Dampier Oval) at night. While Hampton Oval is freehold land that is owned by Hamersley Iron, Dampier Oval (also known as Windy Ridge Oval) is a Shire-owned reserve.</p> <p>We note that under the two operating licences that were in place during the review period, Version 6 and Version 7, Hamersley Iron was not authorised under the licence to provide non-potable water.</p>		

7 Confirmation of the Audit/Review

I confirm that the audit/review carried out at Hamersley Iron Pty Ltd on 8 – 10 August 2016 and recorded in this report is an accurate presentation of our findings and opinions.

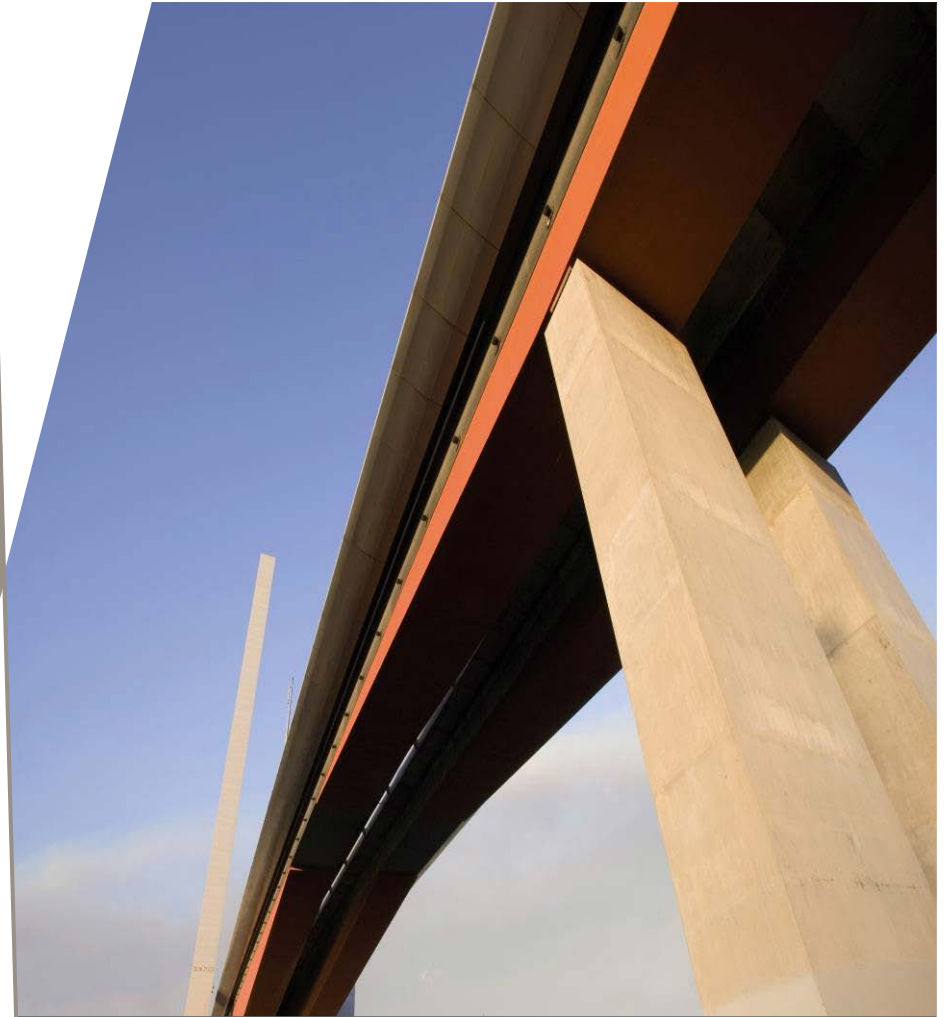


Justin Edwards
Cardno (QLD) Pty Ltd
515 St Paul's Terrace
Fortitude Valley QLD 4006

18 October 2016

Hamersley Iron Pty Ltd

APPENDIX A
RISK MANAGEMENT
FRAMEWORK



Types of Compliance Risk

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

Risk Assessment Rating Scales

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

Consequence Rating

The consequence rating scale is outlined below.

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

Likelihood Ratings

The likelihood rating scale is described below.

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

Inherent Risk Assessment Rating and Description

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

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

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

Adequacy Ratings for Existing Controls

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

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

Assessment of Audit Priority

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

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

Hamersley Iron Pty Ltd

APPENDIX B
ASSET
MANAGEMENT
PERFORMANCE
RATING
DEFINITIONS



Compliance Assessment Rating Scale

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

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

Asset Management Review Rating Scales

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

Asset Management Adequacy Ratings

Rating	Description	Criteria
A	Adequately defined	<ul style="list-style-type: none"> ▪ 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 requires 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) require minor improvements (taking into consideration the assets that are being managed).
C	Requires significant improvement	<ul style="list-style-type: none"> ▪ Process and policy documentation is incomplete or requires significant improvement. ▪ Processes and policies do not document the required performance of the assets. ▪ Processes and policies are significantly out of date. ▪ The asset management information system(s) require significant improvements (taking into consideration the assets that are being managed).

Rating	Description	Criteria
D	Inadequate	<ul style="list-style-type: none"> ▪ Processes and policies are not documented. ▪ The asset management information system is not fit for purpose (taking into consideration the assets that are 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 when necessary
2	Opportunity for improvement	<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 actioned
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 actioned
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