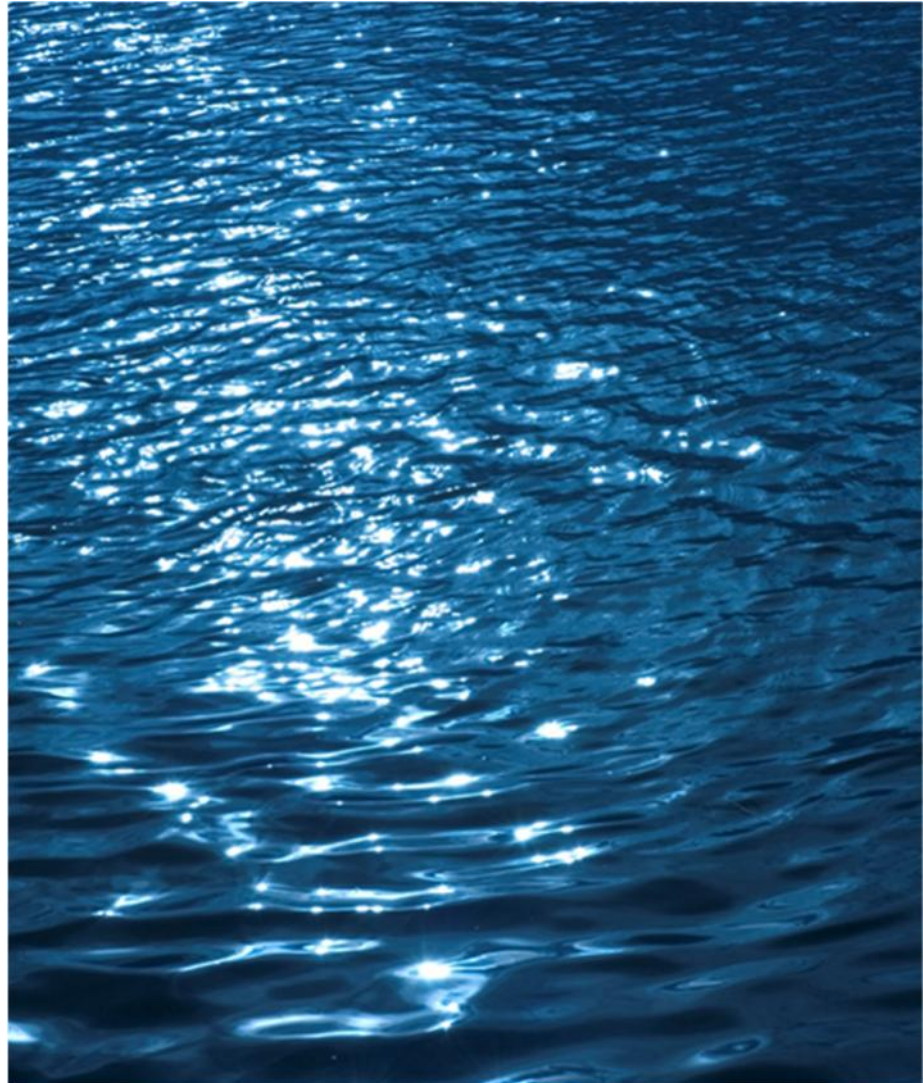




Quantum  
Assurance



## **Robe River Mining Co Pty Ltd**

**Operational Audit and Asset Management System Review  
Water Licence WL45 (potable water and sewerage)**

**Report**  
Economic Regulation Authority  
7 September 2017

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**Limitations of this Report**

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

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

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# 1. Executive Summary

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## 1.1 Background

Robe River Mining Co Pty Ltd ('Robe River') has a Water Services Operating Licence, issued by the Economic Regulation Authority ('ERA') under the *Water Services Act 2012* (Act), for the provision of potable water supply and sewerage services in the township of Pannawonica in the Pilbara region in north Western Australia.

The ERA has engaged Quantum Management Consulting and Assurance ('Quantum') to undertake an operational audit and asset management system effectiveness review of Robe River's potable water supply services and sewerage services, to comply with the licensing requirements of the ERA.

Robe River is required to comply with the terms and conditions of their license. There were two versions of the Water Operating License WL45 in force over the audit period: Version 1 (9 April 2015 to 31 June 2016), and Version 2 (1 July 2016 (Water Licence Review 2016) onwards).

Pannawonica town is located in the Pilbara region of WA, near the Robe River, about 200 km south-east from Karratha. The township has approximately 400 residential and commercial properties which were built in 1970 to provide accommodation for mining staff, their families and the small number of non-mining support personal. The town was gazetted as a township on 30 June 1972 under the *Local Government Act 1960 (WA)*. However, it is still considered to be a 'closed' town. This means there are limited visitor's facilities and the accommodation is primarily reserved for mining company staff and their families.

Robe River has been responsible for the provision of potable water and sewerage services to the town of Pannawonica since its establishment in 1972. Robe River is a member of the Rio Tinto Group, and manager and agent of the town of Pannawonica, as well as Robe's mining operations at the nearby Mesa J and Mesa A mine sites. There is no growth predicted or foreseeable population increase in the Pannawonica township. At present, the Mesa J Mine is nearing the end of its usable life, while the Mesa A Mine (commencing operation in 2010) has an expected life of 11 years.

The operating area includes: the bore field; transmission pipeline (potable) to the town; distribution system (potable) within the town; sewerage and wastewater services assets within the town; and pipeline (sewerage and wastewater) from the town to the Waste Water Treatment Plant.

Under previous legislation, the provision of potable water and sewerage services to the town of Pannawonica were not required to be licenced. This is the first audit and review since the licence was issued.

Not less than once in every period of 24 months, the ERA requires an operational audit of compliance with the licence conditions and an effectiveness review of the asset management system to comply with the licensing requirements of the ERA.

This audit and review covers the period from 9 April 2015 to 30 April 2017.

The audit and review approach is based on the compliance obligations set out in the Licence, applicable legislation, regulatory guidelines (Water Compliance Reporting Manual – 2016) and the Audit and Review Guidelines: Water Licences - 2014.

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## 1.2 Operational Audit

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

Through the execution of the Audit Plan and assessment and testing of the control environment, the information system, control procedures and compliance attitude, the audit team members have gained reasonable assurance that Robe River has:

- a) complied with 161 applicable licence obligations during the audit period from 9 April 2015 to 30 April 2017 with no exceptions identified.
- b) established an adequate control environment for ongoing compliance.
- c) maintained the data integrity of reporting to the ERA.

There were no recommended improvements.

## 1.3 Asset Management System Effectiveness Review

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

The assets are as described in section 3.1 with no major changes over the review period.

Through the execution of the Review Plan and assessment and testing of the control environment, the information system, control procedures and compliance attitude, the audit team members have gained reasonable assurance that Robe River:

- a) has established an adequate control environment for ongoing compliance in respect of the asset management system.

For the review period from 9 April 2015 to 30 April 2017, both the potable water and sewer systems servicing the Pannawonica township, under Water Services Licence WL45 are considered to be run with a professional and comprehensive approach. There were no recommended improvements.

Overall, the water supply scheme and wastewater treatment system are assessed as being well established, well maintained and in good working order.

We confirm that the ERA's Audit and Review Guidelines: Water Licences (July 2014) have been complied with in the conduct of this audit/review and the preparation of the report, and that the audit findings reflect our professional opinion.

### **Quantum Management Consulting & Assurance**

Geoff White  
Director

7 September 2017

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## 2. Operational Audit

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### 2.1 Introduction

Robe River Mining Co Pty Ltd ('Robe River') has a Water Services Operating Licence, issued by the Economic Regulation Authority ('ERA') under the *Water Services Act 2012* (Act), for the provision of potable water supply and sewerage services in the township of Pannawonica operating area in the Pilbara.

The ERA has engaged Quantum Management Consulting and Assurance ('Quantum') to undertake an operational audit and asset management system effectiveness review of Robe River's potable water supply services and sewerage services, to comply with the licensing requirements of the ERA.

Robe River is required to comply with the terms and conditions of their license. There were two versions of the Water Operating License WL45 in force over the audit period: Version 1 (9 April 2015 to 31 June 2016), and Version 2 (1 July 2016 (Water Licence Review 2016) onwards).

The audit approach is based on the compliance obligations set out in the Licence, applicable legislation, regulatory guidelines (Water Compliance Reporting Manual – 2016) and the Audit and Review Guidelines: Water Licences - July 2014.

### 2.2 Objectives and Scope

The objective of the audit was to provide an assessment of the effectiveness of measures taken by the licensee to meet the obligations referred to in the Licence.

The audit has applied a risk-based approach to focus on the systems and effectiveness of processes used to ensure compliance with the standards, outputs and outcomes required by the Licence. The approach is set out in a detailed Audit Plan approved by the ERA that was designed to focus on the higher risk areas with less intensive coverage of medium and low risk areas. Refer Audit Approach in Appendix A.

The scope of the audit included the adequacy and effectiveness of performance against the requirements of the licence by considering:

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

The highest priority areas based on the inherent risks were:

- ) **Provision of water services in accordance with the licence** – high inherent risk and Type 1 reporting obligation (obligation 1).
- ) **Asset Management System** – high inherent risk (obligation 6).
- ) **Cut off water supply** – high inherent risk and Type 1 reporting obligation (obligation 21).
- ) **Compliance with the service and performance standards** - high inherent risk (obligation 190).

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

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The audit covered the period from 9 April 2015 to 30 April 2017.

As it is the first audit under the licence, there were no previous audit recommendations to follow-up.

### 2.3 Audit Compliance and Controls Rating Scale

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

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



## 2.4 Summary of Audit Ratings of Controls and Compliance

The audit assessment of the ratings for the adequacy of controls and compliance with the legislative obligations is shown below.

No. <sup>1</sup>		Legislative Reference	Audit Priority applied  (rated 1 = High to 5 = Low)	Adequacy of Controls Rating <sup>2</sup>  (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating  (1=Compliant, 2=Non-compliant (minor impact), 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated)				
				A	B	C	D	NP	1	2	3	4	NR
<b>Water Services Act 2012</b>													
1	Nature of services	Sec. 21(1)(a)	4					✓				✓	
2	Terms of service	Sec. 21(1)(b)	4					✓				✓	
3	Provision of services	Sec. 21(1) (c)	2	✓					✓				
4	Operating area	Sec. 22	4					✓				✓	
5	Outsourcing of services	Sec. 23	4	✓					✓				
6	Asset management system	Sec. 24(1)(a) & 24(2)	2	✓					✓				
7	Changes to asset management system	Sec. 24(1)(b)	4	✓								✓	
8	Asset management system review	Sec. 24(1)(c)	4	✓					✓				
9	Operational audit	Sec. 25	4	✓					✓				
10	Code of Practice	Sec. 26(3)	4					✓				✓	
11	Code of Conduct	Sec. 27	4	✓					✓				
12	Compliance generally	Sec. 29	4	✓					✓				
13	Termination of service	Sec. 36	4					✓				✓	
14	Supplier of last resort	Sec. 24(1)(b)						N/A				N/A	
15	Ombudsman scheme	Sec. 66	4	✓					✓				
16	Interruption of water supplies	Sec. 77(3)	4	✓					✓				
17	Notification of building works	Sec. 84(4) &(5)	4	✓								✓	
18	Ensuring water service works are done	Sec. 84(2)	4	✓								✓	
19	Review of decisions	Sec. 87(2)	4	✓								✓	
20	Construction near water service works	Sec. 90(7)	4	✓								✓	
21	Termination of water supply	Sec. 95(3)	2	✓								✓	
22-23	Fire hydrants	Sec. 96(1) &(5)	4					✓				✓	
24	Sewer connections	Sec. 98(3)	4					✓				✓	
25	Compliance notice issued by licensee re not maintaining pipes	Sec. 106(2)	4					✓				✓	
28	Compliance notice issued by licensee re building works	Sec. 119(2)	4					N/A				N/A	
29	Review of decisions	Sec. 122(2)	4					N/A				N/A	
30	Apportionment of fees between properties	Sec. 125(2)	4					✓				✓	

<sup>1</sup> The number refers to the item reference in the Water Compliance Reporting Manual, ERA 2016.

<sup>2</sup> Refer Controls and Compliance Rating Scales in Section 2.3.

No. <sup>1</sup>		Legislative Reference	Audit Priority applied  (rated 1 = High to 5 = Low)	Adequacy of Controls Rating <sup>2</sup>  (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating  (1=Compliant, 2=Non-compliant (minor impact), 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated)					
				A	B	C	D	NP	1	2	3	4	NR	
31	Lodging memorial to secure fees owing	Sec. 128(4)	4					N/A						N/A
32	Notice to property owner - entry	Sec. 129(5)	4	✓						✓				✓
33	Notice to property owner – removal of fence	Sec. 139(3)	4					N/A						N/A
34	Notice to roads authority	Sec. 141(1)	4	✓										✓
35-41	Proposal for major works	Sec. 142, 143(2) &(3), 144(3), 45(2), 147(3)&(4)	4	✓										✓
42-45	Proposal for general works	Sec. 151(1) - (3), 153(3),	4	✓										✓
46-48	Interest in land	Sec. 166(5) - (6), 170	4					N/A						N/A
49-57	Notice of entry to property and authority to enter	Sec. 173 (4), 174 (1) & (4), 175(2) & (5), 176(1), (3) & (4) 181	4	✓										✓
58-61	Warrant to enter property	Sec. 186, 187(1) - (3), 190(4) - (5), 210(5), 218(2) - (3).	4	✓										✓
62	Compliance Officer	Sec. 210(5)	4	✓						✓				
63	Minimum disruption	Sec. 218(2)	4	✓										✓
64	Physical damage	Sec. 218(3)	4	✓										✓
<b>Water Services Regulations 2013</b>														
65 - 68	Meter testing and compliance	Reg. 23(2), 24(4), 26(3), 26(5)	4					N/A						N/A
69	Lot development	Reg. 29(2)	4					N/A						N/A
70 - 72	Backflow prevention devices	Reg. 42(2), 43(3), 43(6).	4					N/A						N/A
73	Drainage services	Reg. 53(3)	4					N/A						N/A
74-75	Work affecting roads	Reg. 60(2), 63	4	✓										✓
76 - 88	Water service charges	Reg. 65(1) to 75(1)	4					✓						✓
89	Compliance notice issued by licensee to include consequences and rights	Reg. 85	4					N/A						N/A
<b>Water Services Code of Conduct (Customer Service Standards) 2013</b>														
92	Information for customers	Cl. 7	4	✓						✓				
93	Timeliness of connections	Cl. 8	4					✓						✓
94	Annual service charges	Cl. 9	4					✓						✓
95-96	Usage bills at least 6 monthly	Cl.10(2)-(5)	4					✓						✓
97	Estimated Bill of Usage - Regulation	Cl. 10(4)	4					N/A						N/A
98	Estimated Bill of Usage	Cl. 10(5)	4					✓						✓
99	Address for billing	Cl. 11	4					✓						✓

No. <sup>1</sup>		Legislative Reference	Audit Priority applied  (rated 1 = High to 5 = Low)	Adequacy of Controls Rating <sup>2</sup>  (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating  (1=Compliant, 2=Non-compliant (minor impact), 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated)					
				A	B	C	D	NP	1	2	3	4	NR	
100-102	Billing information	Cl. 12(1) – (3)	4					✓						✓
103-104	Basic of billing estimate	Cl. 13(1) & (2)	4					✓						✓
105	Request for meter reading	Cl. 14(1)	4					✓						✓
106	Higher than normal charge	Cl. 15	4					✓						✓
107-112	Under and over charges	Cl. 16(2) - (5), 17(1)-(2)	4					✓						✓
113	Review of bill upon request	Cl. 18(1)	4					✓						✓
114	Review of bill procedure – written procedure	Cl. 18(2)	4					✓						✓
115-117	Review of bill procedure – options and timeframe	Cl. 18(3) - (6)	4					✓						✓
118	At least 14 days for payment	Cl. 20	4					✓						✓
119	Payment methods - options	Cl. 21(1)	4					✓						✓
120	Payment methods - fees	Cl. 21(2)	4					✓						✓
121	Payment methods- direct debit authority	Cl. 22	4					✓						✓
122	Payment in advance	Cl. 23(1)	4					✓						✓
123	Redirection of bills	Cl. 24	4					✓						✓
124	Payment plan	Cl. 25	4					✓						✓
125-128	Financial hardship policy	Cl. 26(1) - (5)	4	✓					✓					
129	Financial hardship policy - review	Cl. 26(6)	4	✓										✓
130-132	Financial hardship – payment variations	Cl. 27(2) - (3), 28(1)	4	✓										✓
133	Financial hardship – written information	Cl. 28 (4) & (5)	4	✓					✓					
134	Debt recovery	Cl. 29	4					✓						✓
135-136	Restoration of drinking water supply	Cl. 30(1) & (2)	4	✓										✓
137-139	Reducing flow rates	Cl. 31, 32, 33,	4					✓						✓
140-141 143	Applicable only to “water corporations”		4					N/A						N/A
142, 144	Timeframe to restore service	Cl. 34(4), 34(6)	4					✓						✓
145-146	Complaints procedure - written	Cl. 35(1) - (2)	3	✓					✓					
147-148	Complaints procedure - details	Cl. 35(3), (4)	3	✓					✓					
149	Complaints procedure publicly available	Cl. 35(6)	4	✓					✓					
150,151	No charge for information	Cl. 36(1)	4	✓										✓
152	Access to customer information	Cl. 36(2)	4	✓										✓
153	All Code of Conduct information to be publicly available in hardcopy and website	Cl. 37(1)	4	✓					✓					

No. <sup>1</sup>		Legislative Reference	Audit Priority applied  (rated 1 = High to 5 = Low)	Adequacy of Controls Rating <sup>2</sup>  (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating  (1=Compliant, 2=Non-compliant (minor impact), 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated)					
				A	B	C	D	NP	1	2	3	4	NR	
154	Bill information	Notes Cl. 12 (Cl 37(2))	4					✓						✓
<b>Licence Conditions – Specific Clauses</b>														
155	Fees to regulator	Cl. 4	5	✓						✓				
156	Compliance with legislation	Cl. 5.1	4	✓						✓				
157	Compliance with Code of Practice	Cl. 5.2	4					N/A						N/A
158	Compliance with Code of Conduct	Cl. 5.3	4	✓						✓				
159	Compliance re any breaches	Cl. 5.4	4					✓						✓
160	Compliance with Accounting Standards	Cl. 12	4	✓						✓				
161	Compliance with performance standards	Cl. 13.1	4	✓						✓				
162	Operational audit	Cl. 14.4	4	✓						✓				
163	External administration	Cl. 15.1(a)-(c)	4					✓						✓
164	Advise Authority of major or general works	Cl. 15.1(d)	4	✓										✓
165	Provision of information to the ERA	Cl. 16.1	3	✓						✓				
166	Compliance reporting to Authority	Cl. 16.1	3	✓						✓				
167	Performance reporting to Authority	Cl. 16.3	3	✓						✓				
168	Publishing information	Cl. 17.2	4					✓						✓
169	Notices in writing	Cl. 18.1	4	✓						✓				
170	Notify Authority of asset management system (AMS)	Cl. 20.1	4	✓						✓				
171	Notify Authority of material change to AMS	Cl. 20.2	4	✓										✓
172	AMS review	Cl. 20.6	4	✓						✓				
173	Ombudsman scheme	Cl. 21.1	4	✓						✓				
174	Customer contract – standard terms	Cl. 22.1	4					✓						✓
175-180	Customer contract approval and amendment	Cl. 23.1-23.3, 23.6, 24.1-2 24.4.	4					✓						✓
181	Obligations of supplier of last resort	Cl. 25.1	4					N/A						N/A
182	No services outside operating area	Cl. 28.1(b)	4					N/A						N/A
183	Financial hardship policy guidelines	Cl. 30.3	4	✓						✓				
184	MOU with Department of Health	Cl. 31.1	4	✓										✓
185	MOU – legal and audits	Cl. 31.2	4	✓										✓
186	MOU – compliance	Cl. 31.3	4	✓										✓
187	MOU – publishing	Cl. 31.4	4	✓										✓

No. <sup>1</sup>		Legislative Reference	Audit Priority applied  (rated 1 = High to 5 = Low)	Adequacy of Controls Rating <sup>2</sup>  (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating  (1=Compliant, 2=Non-compliant (minor impact), 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated)					
				A	B	C	D	NP	1	2	3	4	NR	
188	MOU – publish audit report	Cl. 31.5	4	✓										✓
189	MOU – publish other reports	Cl. 31.6	4	✓										✓
190	Service and performance standards (if applicable)	Schedule 3	1	✓						✓				

## 2.5 Audit Observations and Recommendations

No <sup>3</sup>	Operating Area	Legislative Reference	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
<b>Water Services Act 2012</b>							
1.	Nature of services	Section 21(1)(a)	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.	4	Section 21(1)(a) only applies to “persons entitled to the service under the <i>Water Services Act 2012</i> . Section 73 of the Act sets out which persons are entitled to water services (also see the note under section 21, which refers to section 73). Section 73 provides “the owner of land in respect of which statutory water service charges apply for the provision of a water service by a licensee is entitled to the provision of the water service”. “Statutory water service charge” is defined in section 71 as “a water service charge payable under the regulations”. There are currently no regulations made under the <i>Water Services Act 2012</i> which prescribe charges which must be paid by land owners to Robe River.	NP	NR
2.		Section 21(1)(b)	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.	4	The auditor confirmed with Robe River’s Compliance Advisor that no request for connection was made to the licensee from a person within the operating area who is not entitled to the service.	NP	NR
3.		Section 21(1)(c)	The licensee must provide, operate and maintain the water service works specified by the ERA in the licence.	2	Confirmed by this audit and review.	A	1

<sup>3</sup> Number refers to the item reference in the Water Compliance Reporting Manual, Authority 2016.

<sup>4</sup> Controls Rating Scale: (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed).

<sup>5</sup> Compliance Rating Scale: 1=Compliant, 2=Non-compliant (minor impact), 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated.

No <sup>3</sup>	Operating Area	Legislative Reference	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
4.	Operating area	Section 22	The licensee must notify the ERA as soon as practicable before commencing to provide the water service outside of the operating area of the licence.	4	The auditor confirmed with Robe River's Compliance Advisor and field observation that the licensee does not provide a water service outside of the operating areas set out in Plan Number: OWR-OA-308.	NP	NR
5.	Outsourcing of services	Section 23	All water service works used by the licensee in the provision of a water service must be held by the licensee, or must be covered by an agreement whereby the licensee can operate the works so as to comply with its obligations, or must fit in to other prescribed categories under the Act.	4	The auditor confirmed that the water service assets are owned and operated by Robe River which is part of the Rio Tinto Group.	A	1
6.	Asset management system	Sections 24(1)(a) & 24(2)	The licensee must have an asset management system that provides for the operation and maintenance of the water service works.	2	This audit and review confirmed the licensee has an asset management system (AMS).	A	1
7.	Changes to asset management system	Section 24(1)(b)	The licensee must give details of the asset management system and any changes to it to the ERA.	4	The auditor confirmed with Robe River's Compliance Advisor and field observations that no significant changes have been made to the Asset Management System (AMS) during the audit period.  The requirement to notify the ERA of any material change to the AMS within 10 days of the change is included in Robe River's Water Compliance Manual which has a detailed list of all compliance obligations under the Licence.	A	NR
8.	Asset management system review	Section 24(1)(c)	A licensee must provide the ERA with a report by an independent expert as to the effectiveness of its asset management system every 24 months, or such longer period as determined by the ERA.	4	This is the first review required by the ERA.	A	1

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9.	Operational audit	Section 25	A licensee must, not less than once every 24 months, or such longer period as determined by the ERA, provide the ERA with an operational audit conducted by an independent expert acceptable to the ERA.	4	This is the first audit required by the ERA.	A	1
10.	Code of Practice	Section 26(3)	The licensee must comply with each <b>code of practice</b> made by the Minister to the extent to which it applies to the licensee.	4	No Codes of Practice have been issued by the Minister.	NP	NR
11.	Code of Conduct	Section 27	The licensee must comply with the <b>code of conduct</b> that may be made by the ERA to the extent to which it applies to the licensee and is not inconsistent with the licence.	4	The auditor reviewed compliance with the <i>Water Services Code of Conduct (Customer Service Standards) 2013</i> as per obligations listed in this audit report, and concluded that the licensee complies with the Code of Conduct.	A	1
12.	Compliance	Section 29	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.	4	The auditor reviewed compliance with the <i>Water Services Act 2012</i> , <i>Water Services Regulations 2013</i> and the <i>Water Services Code of Conduct (Customer Service Standards) 2013</i> as per obligations listed in this audit report and concluded that Robe River complies with the obligations. Also confirmed by review of the Performance and Compliance Reports provided to the ERA for 2014/15 and 2015/16 that there were no reported exceptions.	A	1
13.	Termination of service	Section 36	If the licensee ceases to provide a water service in an area, the licensee must ensure that the water service works are left in a safe condition, and must not remove any part of the works except with the approval of the Minister.	4	The auditor confirmed with Robe River's Compliance Advisor and field observation that the licensee didn't cease to provide a water service in the area.	NP	NR



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14.	Supplier of last resort	Section 60	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.	4	Confirmed with Robe River's Compliance Advisor that the licensee is not a supplier of last resort.	N/A	N/A
15.	Ombudsman scheme	Section 66	Licensees who are required to be a member of the water services ombudsman scheme agree to be bound by, and compliant with, any decision of direction of the water services ombudsman under the scheme.	4	Confirmed by review of correspondence between the licensee and the Energy and Water Ombudsman (WA) Limited that the licensee is a member of the Water Services Ombudsman scheme.	A	1
16.	Interruption of water supplies	Section 77(3)	The licensee must take reasonable steps to minimise the extent or duration of any interruption of water services it is responsible for.	4	The auditor confirmed by review of the Performance and Compliance Reports provided to the ERA for 2014/15 and 2015/16 and an internal register of any service disruptions, that there were no unplanned disruptions.	A	1
17.	Notification of building works	Sections 82(4) & (5)	If a person must give the licensee notice of any building work to be carried out on land in the operating area of a license, the licensee must return a copy of the plans and specifications contained in the notice with any written directions about the proposed building work that the licensee considers necessary to ensure the safety and efficacy of the provision of water services provided, or to be provided. The licensee must do this within 7 days of receiving the fee for dealing with the notification.	4	All building work is contracted by Robe River as the lessor of the property.  The auditor sighted a procedure for "Keeping your distance – a guide for undertaking works near our water infrastructure" that is available to all residents of the town that covers any other types of building improvements. The procedure requires that approval be obtained from Robe River prior to any building works. No fee is charged.  The auditor confirmed with Robe River's Compliance Advisor that no requests for building works were received in the audit period.	A	NR

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18.	Additional Water Services - Ensuring water service works are done	Section 84(2)	If the licensee has given a notice under section 83(3)(a) of the Act, and the licensee is satisfied that the person given the notice is not going to comply with the notice within a reasonable time, the licensee must give the person 21 days' notice of its intention to commence the works.	4	The auditor confirmed with Robe River's Compliance Advisor that no notices were given in the audit period for any additional water service works.	A	NR
19.	Review of decisions (Additional Water Services - Ensuring water service works are done)	Section 87(2)	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.	4	As per item 18 above.	A	NR
20.	Construction near water service works	Section 90(7)	If the licensee gives a compliance notice to a person who is undertaking construction or carrying out similar works in the vicinity of water service works, the licensee must, to the extent practicable, consult with the owner of the land on which the obstruction is located or the activity is taking place if the person to be given the notice is not the owner of the land.	4	As per item 17 above.	A	NR
21.	Termination of water supply	Section 95(3)	The licensee cannot cut off the supply of water to an occupied dwelling unless the occupier agrees to that.	2	The auditor confirmed with Robe River's Compliance Advisor that, during the audit period, the licensee did not cut off the supply of water to any occupied dwelling. The policy is to not cut off the water supply. The town's residents are not billed for any water services.	A	NR
22.	Fire hydrants	Section 96(1)	If the licensee provides water supply reticulation works, or enters into an agreement for the provision of water supply reticulation works, the licensee must install	4	The auditor confirmed with Robe River's Compliance Advisor that fire hydrants are installed in the town, and as sighted during the field observation.	NP	NR

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			fire hydrants attached to those works in accordance with the requirements of the Department of Fire and Emergency Services (DFES), or the relevant local government as to the location and type of hydrant.		<p>The Second Schedule of the Fire Brigades Act 1942, which lists the established fire districts (currently as at 26 July 2017) does not specify Pannawonica as being a fire district. As such, fire hydrants do not fall under DFES responsibility.</p> <p>Robe River's Compliance Advisor advised that Robe River determined the location and type of fire hydrants and maintains them. The Rio Tinto Emergency Management Team act as the fire brigade. The hydrants comply with AS2419.1 (Fire Hydrant Installations).</p> <p>The auditor confirmed with Robe River's Compliance Advisor that no requests have been made from the licensee's own team or the local government shire with regard to fire hydrants.</p>		
23.		Section 96(5)	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.	4	Robe River's Fire and Emergency Manager advised that no formal requests have been received from DFES or the local government authority.	NP	NR
24.	Minister may require connection to sewer works	Section 98(3)	If required to by the Minister, the licensee must connect a wastewater inlet on land to the sewerage works of the licensee.	4	The auditor confirmed with Robe River's Compliance Advisor that, during the audit period, no written notice requiring connection to the town's sewerage works has been received from the Minister.	NP	NR
25.	Discharge of Trade Waste - Compliance notice issued by Licensee	Section 106(2)	The licensee must include the information specified in a compliance notice given in relation to failure to maintain fittings, fixtures and pipes.	4	The auditor confirmed with Robe River's Compliance Advisor there is no trade waste discharged to the scheme i.e. wastewater other than wastewater of the kind and volume ordinarily discharged from an ordinary dwelling used solely or primarily as the dwelling of the occupants.	NP	NR

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28.	Compliance notice issued by Licensee	Section 119(2)	The licensee must include the information specified in a compliance notice given in relation to the matters set out in section 119(1).	4	The auditor confirmed with Robe River's Compliance Advisor that all construction is managed by Robe River or contracted, so no compliance notices would be issued.	N/A	N/A
29.	Review of decisions relating to giving compliance notices	Section 122(2)	If a person makes an application to the State Administrative Tribunal under section 122(1), the licensee cannot take, or continue to take, action against the person except in the circumstances specified.	4	As per item 28.	N/A	N/A
30.	Apportionment of fees between properties	Section 125(2)	If the licensee provides a water supply, sewerage or drainage service to 2 or more dwellings on land by a single property connection, the licensee may apportion fees. The licensee cannot apportion fees to the extent inconsistent with any agreement related to such a provision of services, or section 66 of the <i>Strata Titles Act 1985</i> .	4	The auditor confirmed with Robe River's Compliance Advisor that no fees are charged or apportioned between any lessees. If fees were to be apportioned, it would only be in accordance with the lease agreement.	NP	NR
31.	Lodging memorial to secure fees owing	Section 128(4)	If the licensee has previously lodged a memorial with the Registrar, the licensee must lodge a withdrawal of memorial with Registrar along with the prescribed fee (if any) if the charge or contribution has been paid.	4	Robe River's Compliance Advisor advised that no memorials would be lodged, as no fees are payable for the water services.	N/A	N/A
32.	Notice to property owner	Section 129(5)	If a routine inspection or maintenance is likely to cause disruption to the occupants of a place at least 48 hours' notice of a proposed entry must be given to the occupier of the place unless the occupier agrees otherwise.	4	The auditor confirmed with Robe River's Compliance Advisor that if entry was required, at least 48 hours' notice is required per the Compliance Officers (Water) - internal guidelines procedure (sighted). There were 3 planned interruptions to water services during the audit period and the required notice was given to residents. None required entry to the dwellings.	A	NR

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33.		Section 139(3)	If the licensee removes or erects a fence or gate when exercising a works power conferred by the Act, the licensee must take all reasonable steps to notify the owner before doing so.	4	As Robe River is the owner of all properties in the town, this section is not applicable.	N/A	N/A
34.	Notice to roads authority	Section 141(1)	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.	4	The auditor confirmed that any road works would include giving at least 48 hours' notice to the local government authority and the residents, as part of the Core Services – SWP Water Services Act 2012 requirements – Working at premises and in roads procedure (sighted). The auditor confirmed with the Robe River staff that no works had been carried out in the audit period.	A	NR
35.	Proposals for major works (includes water treatment plant over 10ML, WWTP with capacity over 2ML per day, dams, irrigation schemes, etc.)	Sections 142	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.	4	The auditor confirmed by interview with Robe River staff and review of the Asset Management System documentation that no additional major works have been proposed during the audit period.  The auditor confirmed that any major water works would include obtaining regulatory approvals and giving notice to the community and stakeholders, as part of the Core Services – SWP Water Services Act 2012 requirements – Major and general works procedure (sighted).	A	NR
36.		Sections 143 (2)	Before the licensee submits a proposal for the provision of major works to the Minister, the licensee must prepare, publish and make available plans and details of those major works as specified.	4	As per item 35.	A	NR
37.		Sections 143 (3)	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.	4	As per item 35.	A	NR

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38.		Sections 144(3)	The licensee must have regard to an objection or submission lodged within the relevant period.	4	As per item 35.	A	NR
39.		Section 145(2)	If the licensee makes alterations to the plans or details referred to in section 143(2), the licensee must give written notice of the alterations to any person who is likely to be adversely affected by those alterations.	4	As per item 35.	A	NR
40.		Section 147(3)	The licensee must comply with a direction given by a Minister in respect of a proposal to provide water service works that are major works under section 143(3).	4	As per item 35.	A	NR
41.		Section 147(4)	If the Minister gives a direction that further notices in relation to the proposed major works be given under section 143(3), the licensee must resubmit the proposal.	4	As per item 35.	A	NR
42.		Proposals for general works (includes new water treatment plants up to 10 ML per day, WWTP with capacity up to 2ML per day, reticulation mains and trunk lines, pumping stations, etc.)	Section 151(1)	A licensee proposing to provide water service works that are general works must prepare plans and details of the proposed works and publish and make them available for inspection.	4	The auditor confirmed by interview with Robe River staff and review of the Asset Management System documentation that no additional general works have been proposed during the audit period.  The auditor confirmed that any major water works would include obtaining regulatory approvals and giving notice to the community and stakeholders, as part of the Core Services – SWP Water Services Act 2012 requirements – Major and general works procedure (sighted).	A
43.		Section 151(2)	The licensee must give a notice setting out the matters referred to in section 151(3) to the persons and agencies specified.	4	As per item 42.	A	NR

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44.		Section 152(3)	The licensee must have regard to an objection or submission lodged by the date specified in the notice given under section 151(2).	4	As per item 42.	A	NR
45.		Section 153(3)	If the licensee makes alteration to those plans or details referred to in section 151, the licensee must give written notice of the alterations to any person who is likely to be adversely affected by those alterations.	4	As per item 42.	A	NR
46.	Interest in land	Section 166(5)	On being advised by the Minister that an interest in land is appropriate to the licensee's needs, the licensee is required to acquire the interest.	4	Part 7 – Powers in relation to interest in land under the Act does not apply to the licensee as all land is under the management of Robe River.	N/A	N/A
47.		Section 166(6)	Any costs incurred in taking an interest in land are to be paid by the licensee.	4	As per item 46.	N/A	N/A
48.		Section 170	The licensee must not sell an interest in land if the purchaser would hold a parcel of land that did not comply with the minimum lot size and zoning requirements under the <i>Planning and Development Act 2005</i> , unless the Minister permits the licensee to do so.	4	As per item 46.	N/A	N/A
49.	Notice of entry to property and authority to enter	Section 173(4)	In relation to entry to a place for the purposes of doing works, in the circumstances specified the licensee is required to give 48 hours' notice of proposed entry to a place to the occupier or owner, as applicable, unless the occupier or owner agrees otherwise.	4	The auditor confirmed with Robe River's Compliance Advisor that if entry was required, at least 48 hours' notice is required per the Compliance Officers (Water) - internal guidelines procedure (sighted) and the Core Services – SWP Water Services Act 2012 requirements – Major and general works procedure (sighted). As per the Water Supply Interruption Register, there were 3 planned interruptions during the audit period and the required notice was given to	A	NR

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					residents. The interruptions were to repair sewer or water mains in the streets and none required access to any dwellings.		
50.		Section 174(1)	Notice of a proposed entry by the licensee must be in writing and must set out the purpose of the entry, including (if applicable) any work proposed to be carried out.	4	As per item 49.	A	NR
51.		Section 174(3)	Even if in a particular instance the licensee may enter a place under the Act without having to give notice of proposed entry, the licensee must when practicable, and when it will not compromise the reason for entry, give notice of entry to the occupier.	4	As per item 49.	A	NR
52.	Notice of entry to property and authority to enter (Cont'd)	Section 175(2)	If an occupier is present when the licensee proposes to enter a dwelling, the licensee must perform the prescribed actions before entering the premises.	4	As per item 49.	A	NR
53.		Section 175(5)	If the licensee enters a dwelling that is unoccupied, the licensee must leave a notice or a copy of the warrant (as applicable) in a prominent position in the dwelling before leaving the dwelling.	4	As per item 49.	A	NR
54.		Section 176(1)	If the licensee has entered a place with or without consent, the licensee must leave the premises as soon as practicable after being notified that the owner or occupier has refused or withdrawn their consent.	4	As per item 49.	A	NR
55.		Section 176(3)	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.	4	As per item 49.	A	NR



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56.		Section 176(4)	If the licensee enters or proposes to enter a place, and the owner or occupier requests the licensee produce evidence of authority for that entry, then the licensee must leave the place if they are unable to do so unless the owner or occupier agrees otherwise.	4	As per item 49.	A	NR
57.		Section 181	The licensee, or a person assisting the licensee, must, as far as is practicable comply with any reasonable request from the owner or occupier intended to limit interference with the lawful activities of the owner or occupier.	4	As per item 49.	A	NR
58.	Warrant to enter property	Section 186	If the licensee applies for a warrant, the application must contain the prescribed information.	4	As per item 49. No warrants were applied for in the audit period.	A	NR
59.		Section 187(1) – (3)	If the licensee applies for a warrant to enter, the application must be made in accordance with the procedures specified depending on the location of the applicant and the justice.	4	As per item 49.	A	NR
60.		Section 190(4)	Unless required to give a copy of the warrant, the licensee executing the warrant must produce the warrant for inspection by the occupier of the place concerned on entry (if practicable), and if requested to do so.	4	As per item 49.	A	NR
61.		Section 190(5)	On completing the execution of a warrant, the licensee must record the prescribed information on that warrant.	4	As per item 49.	A	NR

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62.	Compliance Officer	Section 210(5)	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.	4	The auditor confirmed by interview with Robe River's Compliance Advisor that 3 persons have been designated as Compliance Officers (Water). The Certificates of Designation were sighted. This requirement is documented in the Compliance Officers (Water) - internal guidelines procedure (sighted)	A	1
63.	Minimum disruption	Section 218(2)	In the exercise or purported exercise of a power under the Act, the licensee must ensure that, to the extent practicable, the free use of any place is not obstructed, and that as little damage, harm or inconvenience is caused as is possible.	4	As per item 49.	A	NR
64.	Physical damage	Section 218(3)	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.	4	As per item 49.	A	NR
<b>Water Services Regulations 2013</b>							
65.	Meter testing and compliance	Regulation 23(2)	If the licensee provides a water supply service in respect of a multi-unit development, the licensee, on the owner's request, is to assess whether a meter is satisfactory for measuring the quantity or flow of water through a pipe supplying water to the unit.	4	The audit confirmed with Robe Rivers' Compliance Advisor that no meters are installed and there was no billing of water services in the audit period.	N/A	N/A
66.		Regulation 24(4)	If the licensee gives a compliance notice to a person in respect of access to meters, the notice must specify the specified information.	4	As per item 65.	N/A	N/A

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67.		Regulation 26(3)	If the owner or occupier requests the licensee to test a meter, subject to the payment of the charge (if any) for testing that type of meter, the licensee must test the meter in accordance with the approved procedure.	4	As per item 65.	N/A	N/A
68.		Regulation 26(5)	If a meter test finds that the meter is outside the prescribed tolerance applicable, the licensee must take the specified actions, bear the costs of testing and refund or credit any charges paid under regulation	4	As per item 65.	N/A	N/A
69.	Lot development	Regulation 29(2)	If the developer of a lot makes a request to the licensee to defer payment of an infrastructure contribution, the licensee must, subject to regulations 29(3) and 29(4), allow the payment to be deferred.	4	All lots are owned by Robe River. Not applicable.	N/A	N/A
70.	Backflow prevention devices	Regulation 42(2)	The written order requiring the owner or occupier of land to install a backflow prevention device must set out the date which the device must be installed and tested (which must be at least 7 days after the order is given).	4	All lots are owned by Robe River. Not applicable.	N/A	N/A
71.		Regulation 43(3)	The compliance notice requiring the owner or occupier of land to have their backflow prevention device tested or maintained in accordance with the standard by a specified date (which must be at least 7 days after the notice is given).	4	All lots are owned by Robe River. Not applicable.	N/A	N/A

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72.		Regulation 43(6)	The compliance notice requiring the owner or occupier of land to have their backflow prevention device made good as specified in the notice must include the work that is required to be done, the manner in which the work is to be done and the date by which the work is to be done (which must be at least 7 days after the notice is given).	4	All lots are owned by Robe River. Not applicable.	N/A	N/A
73.	Drainage services	Regulation 53(3)	The licensee must provide a person with a plan of the existing drainage plumbing for a building on request and on receipt of payment from the person.	-	Drainage services are not part of the licence.	N/A	N/A
74.	Works affecting roads	Regulation 60(2)	If the licensee proposes to exercise a works power in a road and considers that it is necessary to alter the position of infrastructure, the licensee must notify the person who is responsible for the infrastructure and may request that the person make the alterations within the time specified in the notice.	4	The auditor confirmed that any road works would include giving at least 48 hours' notice to the local government authority and the residents, as part of the Core Services – SWP Water Services Act 2012 requirements – Working at premises and in roads procedure (sighted). The auditor confirmed with Robe River staff that no works had been carried out in the audit period.	A	NR
75.		Regulation 63	If the licensee opens or breaks up the surface of a road, the licensee must complete the relevant work and reinstate and make good the road, and must take all reasonable measures to prevent that part of the road from being hazardous.	4	As per item 74.	A	NR
76	Water service charges	Regulation 65(1)	The licensee must maintain records for all land in respect of which water service charges apply.	4	No billing of water services in the audit period.	NP	NR
77		Regulation 65(2)	The records for all land in respect of which water service charges apply must contain prescribed information.	4	As per item 76.	NP	NR

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78		Regulation 65(4)	The licensee must make the records for all land in respect of which water service charges apply available for inspection by any person without charge, and give a copy of particular records to a person with a material interest in them, on payment of the prescribed charge.	4	As per item 76.	NP	NR
79		Regulation 67	Except as otherwise provided under the Act, the records maintained by the licensee for a period in relation to land are the basis upon which the licensee must determine the water service charges applicable for the period.	4	As per item 76.	NP	NR
80		Regulation 68(5)	The licensee must consider an objection to the records maintained by a licensee under regulation 65 as soon as practicable.		As per item 76.	NP	NR
81		Regulation 68(6)	The licensee must give the person by whom the objection was made written notice of the licensee's decision on the objection together with a brief statement of the licensee's reasons for the decision.		As per item 76.	NP	NR
82		Regulation 68(7)	If the licensee disallows an objection, wholly or in part, to entries in the records maintained by a licensee under regulation 65, the licensee must advise the person who objected of any consequent amendment of the records.		As per item 76.	NP	NR
83		Regulation 68(8)	If the licensee allows an objection, wholly or in part, to entries in the records maintained by a licensee under regulation 65, the licensee must advise the person of the time within which and the manner in which a review of the decision may be sought.		As per item 76.	NP	NR
84		Regulation 69(3)	Upon receipt of a notice from a person dissatisfied with a decision of the licensee on an objection, the licensee must		As per item 76.	NP	NR

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			promptly refer the relevant records to the State Administrative Tribunal for a review.				
85		Regulation 70(2)	Upon receipt of a notice from a person dissatisfied with a decision of the licensee to refuse to extend the time for giving an objection to the licensee or a notice under regulation 69(2), the licensee must promptly refer the decision to the State Administrative Tribunal for a review.		As per item 76.	NP	NR
86		Regulation 74(1)	The licensee must make any amendment of the records necessary as a consequence of an allowance, wholly or in part, of an objection under the Act or the <i>Valuation of Land Act 1978</i> or as a consequence of a review by the State Administrative Tribunal.		As per item 76.	NP	NR
87		Regulation 74(2)	The licensee must, if necessary as a consequence of the amendment to the records under regulation 74(1) re-determine and if necessary provide a rebate or refund.		As per item 76.	NP	NR
88		Regulation 75(1)	If a person is liable, under an agreement with the owner of land, for payment of the water service charges in respect of certain land, the person is entitled to receive from the licensee all information necessary for the person to assess his or her liability under the agreement.		As per item 76.	NP	NR
89.	Compliance notice issued by licensee to include consequences and rights	Regulation 85	Compliance notices issued by the licensee must include a brief description of the possible consequences under the Act of not complying with the notice, and the rights of review under the Act in relation to the notice and who may apply for review.	4	Robe River's Compliance Advisor confirmed that no compliance notices would be issued as Robe River is responsible for all works in and around the town.	N/A	N/A
<b>Water Services Code of Conduct (Customer Service Standards) 2013</b>							

No <sup>3</sup>	Operating Area	Legislative Reference	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
92.	Information for customers	Clause 7	The licensee must have written information for customers about the specified matters.	4	The auditor sighted the information provided to customers and confirmed it covers the specified matters. The information is available online at the Rio Tint website and in hardcopy upon request.	A	1
93.	Timeliness of connections	Clause 8	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.	4	There were no new connections during the audit period as confirmed by Robe River's Compliance Advisor and the Water Licence Performance Reports for 2014/15 and 2015/16 submitted to the ERA.	NP	NR
94.	Annual service charges	Clause 9	The licensee must issue a bill for non-quantity charges to each customer at least once in every 12 month period.	4	The audit confirmed with Robe Rivers' Compliance Advisor there was no billing of water services in the audit period.	NP	NR
95.	Usage bills at least 6 monthly	Clause 10(2)	The licensee must issue a bill for usage to each customer at least once in every 6 month period.	4	The audit confirmed with Robe Rivers' Compliance Advisor that no meters are installed and there was no billing of water services in the audit period.	NP	NR
96.		Clause 10(3)	The licensee must ensure a bill for usage is based on a meter reading to ascertain the quantity supplied or discharged.	4	As per item 95.	NP	NR
97.		Clause 10(4)	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.	4	No applicable regulation is in place.	N/A	N/A
98.		Clause 10(5)	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.	4	As per item 95.	NP	NR
99.	Address for billing	Clause 11	The licensee must send a bill to the address of the place where the water service is	4	As per item 95.	NP	NR

No <sup>3</sup>	Operating Area	Legislative Reference	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
			provided or, if the customer nominates another address, to the nominated address.				
100	Billing information	Clause 12(1)	Each bill must contain the prescribed information.	4	As per item 95.	NP	NR
101		Clause 12(2)	Each bill for usage for a metered water service must, in addition to the requirements of clause 12(1), contain the specified information.	4	As per item 95.	NP	NR
102		Clause 12(3)	Each bill must inform the customer of the specified information and where further details can be obtained.	4	As per item 95.	NP	NR
103	Basis of billing estimate	Clause 13(1)	If a bill is based on an estimate, the licensee must tell the customer on request the basis of the estimate and the reason for the estimate.	4	As per item 95.	NP	NR
104.		Clause 13(2)	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.	4	As per item 95.	NP	NR
105.	Request for meter reading	Clause 14(1)	The licensee must provide to the customer on request a meter reading and a bill in the prescribed circumstances.	4	As per item 95.	NP	NR
106.	Higher than normal usage	Clause 15	The licensee must have a publicly available written policy, standard or set of guidelines in relation to granting a discount to a customer whose meter reading indicates a water usage that is higher than normal for the customer but is likely to have been wasted because of a leak.	4	As per item 95.	NP	NR



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107.	Under and over charges	Clause 16(2)	The licensee cannot recover an undercharged amount from a customer unless it is for water services provided in the 12 month period ending on the day on which the licensee informed the customer of the undercharging.	4	As per item 95.	NP	NR
108.		Clause 16(3)	An undercharged amount must be the subject of, and explained in, a special bill or a separate item in the next bill. The licensee cannot charge interest or late payment fees on an undercharged amount. The licensee must allow a customer to pay an undercharged amount by way of a repayment plan as specified in the code of conduct.	4	As per item 95.	NP	NR
109.		Clause 16(4)	The licensee must not charge interest or late payment fees on an undercharged amount.	4	As per item 95.	NP	NR
110.		Clause 16(5)	The licensee must allow a customer to pay an undercharged amount by way of a repayment plan that has effect for the duration of shorter of the prescribed periods starting on the day that the bill in clause 16(3) is issued.	4	As per item 95.	NP	NR
111.		Clause 17(1)	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.	4	As per item 95.	NP	NR

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112.		Clause 17(2)	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.	4	As per item 95.	NP	NR
113.	Review of bill	Clause 18(1)	The licensee must review a bill on the customer's request.	4	As per item 95.	NP	NR
114.		Clause 18(2)	The licensee must have a written procedure for the review of a bill on the customer's request.	4	As per item 95.	NP	NR
115.		Clause 18(3) & (6)	The review procedure in clause 18(2) must include the specified information and be publicly available.	4	As per item 95.	NP	NR
116.		Clause 18(4)	The review procedure must state that the customer may, but does not have to, use the licensee's complaints procedure mentioned in clause 35 before or instead of applying to the water services ombudsman or, if available, making an appeal from, or applying for a review or, the decision under regulations mentioned in section 222(2)(k) of the Act.	4	As per item 95.	NP	NR
117.		Clause 18(5)	The licensee must inform the customer of the outcome of a review of the customer's bill as soon as practicable or otherwise less than 15 business days from the day the customer's request for review was received.	4	As per item 95.	NP	NR
118.	At least 14 days for payment	Clause 20	The time set by the licensee for the payment of a bill must be after 14 days from when the bill is issued.	4	As per item 95.	NP	NR
119.	Payment methods	Clause 21(1)	The licensee must allow a customer to pay a bill using any of the prescribed methods selected by the customer.	4	As per item 95.	NP	NR

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120.		Clause 21(2)	The licensee must, when offering bill payment method options, inform the customer of the fees and charges (if any) associated with each bill payment method offered.	4	As per item 95.	NP	NR
121.		Clause 22	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.	4	As per item 95.	NP	NR
122.	Payment in advance	Clause 23(1)	The licensee must accept payment in advance from a customer on a customer's request.	4	As per item 95.	NP	NR
123.	Redirection of bills	Clause 24	The licensee must on request and at no charge redirect a customer's bills because of the customer's absence or illness.	4	As per item 95.	NP	NR
124.	Payment plan	Clause 25	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.	4	As per item 95.	NP	NR
125.	Financial hardship policy	Clauses 26(1) & (2)	The licensee must have a written policy in relation to financial hardship that is approved by the ERA.	4	Robe River has a Financial Hardship and Payment Difficulty Policy covering all sites, including Pannawonica, although no billing applies to this site. The initial policy was approved by the ERA in June 2015.	A	1
126.		Clause 26(3)	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.	4	Refer item 125.	A	1

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127.		Clause 26(4)	If the licensee's licence was granted after the day on which the Act came into effect, the licensee must have a financial hardship policy within 6 months of the day of the grant of the licence.	4	Refer item 125	A	1
128.		Clause 26(5)	The licensee's financial hardship policy must be publicly available.	4	The policy is available to all customers on the Robe River website.	A	1
129.		Clause 26(6)	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.	4	The initial Financial Hardship and Payment Difficulty policy was approved by the ERA in June 2015. The next review is due by June 2020. The policy was reviewed in March 2017. However, this review did not meet the requirements of clause 26(6) of the Code of Conduct (as no consultation was undertaken with consumer organisations). Robe River was advised of this and will take this into account in the next review due by March 2019. As there was no billing during the period and the 5 year period for review has not expired, this obligation has been rated as Not Rated.	A	NR
130.		Clause 27(2)	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.	4	The policy includes this. There was no billing during the audit period.	A	NR
131.		Clause 27(3)	The licensee must also consider reducing the amount owed, review and revise, if appropriate, how a customer is paying a bill under clause 27(2) and provide the specified written information to a customer.	4	The policy includes this. There was no billing during the audit period.	A	NR
132.		Clause 28(1)	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	4	The policy includes this. There was no billing during the audit period.	A	NR

No <sup>3</sup>	Operating Area	Legislative Reference	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
			owner is aware of the proposed plan or arrangement.				
133.		Clause 28(4) & (5)	The licensee must have publicly available written information regarding the payment plans, arrangements and other assistance that is available to customers.	4	The policy includes this and is available to customers.	A	1
134.	Debt recovery	Clause 29	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.	4	There was no billing during the audit period.	NP	NR
135	Restoration of drinking water supply	Clause 30(1)	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 payment arrangement for the amount owing that is satisfactory to the licensee.	4	As Robe River does not charge for any water services this obligation does not apply. Also, Robe Rover has an internal policy to not restrict the water for any reason.	A	NR
136		Clause 30(2)	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.	4	Refer item 135.	A	NR
137	Reducing the rate of flow of water - Preliminary Action	Clause 31	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.	4	Refer item 135.	NP	NR
138	No reduction of flow of water in certain cases	Clause 32	The licensee must not reduce the rate of flow of drinking water under the Act if the specified circumstances apply.	4	Refer item 135.	NP	NR

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139.	Reducing flow rate	Clause 33	The licensee must not reduce the rate of flow of water to a customer to below 2.3 litres each minute.	4	Refer item 135.	NP	NR
140, 141, 143	“water corporations”		Only applicable to “water corporations”.	4		N/A	N/A
142.	Timeframe to restore service	Clause 34(4)	The licensee (other than the Water Corporation) must restore a water supply to land within the specified timeframe, unless the licensee and customer expressly agree otherwise.	4	Refer item 135.	NP	NR
144.		Clause 34(6)	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.	4	Refer item 135.	NP	NR
145.	Complaints procedure	Clause 35(1)	The licensee must have a written complaints procedure in relation to investigating and dealing with complaints of customers about the provision of water services by the licensee or a failure by the licensee to provide a water service.	3	The auditor sighted the Utilities Division – Complaint Dispute Resolution Policy and form (available publicly) and the Core Services Customer Complaints Resolution Guideline. The policy and guideline included the required information.	A	1
146.		Clause 35(2)	The licensee’s complaints procedure must be developed using as minimum standards the relevant provisions of the AS ISO 10002-2006 and the ERA’s guidelines.	3	The Policy and Guideline are compliant with the relevant provisions of AS ISO 10002-2006 and the ERA’s Customer Complaints Guidelines dated December 2016.	A	1
147.		Clause 35(3)	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.	3	The audit reviewed the Utilities Division – Complaint Dispute Resolution Policy and form (available publicly) and the Core Services Customer Complaints Resolution Guideline. and noted that the policy and guideline cover how complaints are to be lodged and recorded, dispute resolution arrangements, time limits and methods for responding, and the alternative of referring a complaint to the Energy and Water Ombudsman.	A	1

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148.		Clause 35(4)	The licensee's complaints procedure must inform the customer that they do not have to use the licensee's complaints procedure, provide details of procedures under the Act, and set out the costs and benefits to the customer if they use the complaint resolution procedure or instead of the procedures under the Act.	3	The Robe River's Utilities Division – Complaint Dispute Resolution Policy informs the customer that they do not have to use the licensee's complaints procedure, provides details of procedures under the Act, and sets out the costs and benefits to the customer if they use the complaint resolution procedure instead of the procedures under the Act. The auditor confirmed with the Compliance Advisor that no complaints have been recorded for Pannawonica in the audit period, and as per the Complaints Register.	A	1
149.		Clause 35(6)	The licensee's complaints procedure must be publicly available.	4	The auditor confirmed the Utilities Division – Complaint Dispute Resolution Policy and form are available on Rio Tinto's website and in hardcopy upon request.	A	1
150, 151	No charge for information	Clause 36(1)	The licensee must provide a customer with the specified services on request and at no charge.	4	Under this Section of Code, the licensee must provide a customer with the following on request and at no charge: a) services for account, payment and general enquiries for use by customers with hearing or speech impaired; b) interpreter services for account, payment and general enquiries; c) a large-print version of any of the licensee's publicly available documents. The auditor confirmed with Robe Rivers' Compliance Advisor that the information is available in the above formats and that during the audit period, no such request has been received.	A	NR
152.	Access to customer information	Clause 36(2)	The licensee must make available to each customer the customer's personal account information.	4	The auditor confirmed with Robe Rivers' Compliance Advisor that the information is available and that during the audit period, no such request has been received.	A	NR
153.	All Code of Conduct	Clause 37(1)	The licensee must make the prescribed information publicly available.	4	The licensee must make the "prescribed information" publicly available. The definition of	A	1

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	information to be publicly available in hardcopy and website				“publicly available” per Clause 3 of the Water Services Code of Conduct is website and hardcopy. The auditor confirmed that the “prescribed information” set out in Clause 37 of the Code is available to customers in the Policies published on Rio Tinto’s website and available in a hardcopy upon request.		
154		Notes - Clause 12 (clause 37(2))	The licensee must ensure that the specified information about a bill may be obtained from its website.	4	As Robe River does not charge for any water services this obligation does not apply.	NP	NR
<b>Licence Conditions – Specific Clauses</b>							
155.	Fees to regulator	Clause 4	The licensee must pay the applicable fees in accordance with the Regulations.	4	The auditor confirmed the annual fees to the ERA have been paid.	A	1
156.	Compliance generally	Clause 5.1	Subject to any modifications or exemptions granted pursuant to the Act, the licensee must comply with any applicable legislation.	4	The auditor reviewed compliance with the Water Services Act 2012, Water Services Regulations 2013 and the Water Services Code of Conduct (Customer Service Standards) 2013 as per obligations listed in this audit report and concluded that Robe River complies with the obligations.	A	1
157.		Clause 5.2	The licensee must comply with any code of practice made by the Minister to the extent it applies to the licensee.	4	No Codes of Practice have been issued by the Minister.	N/A	N/A
158.		Clause 5.3	The licensee must comply with any code of conduct made by the ERA to the extent it applies to the licensee and is not inconsistent with the terms and conditions of the licence.	4	The auditor reviewed compliance with the Code of Conduct as per obligations listed in this audit report, and concluded that the licensee complies with the Code of Conduct as per obligations 92 to 154 above.	A	1
159.		Clause 5.4	The licensee must comply with a direction from the ERA in relation to a breach of applicable legislation.	4	Confirmed by reference to the ERA’s website that no Rectification Notice has been issued to Robe River by the ERA.	NP	NR



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160.	Compliance with Accounting Standards	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.	4	The auditor reviewed Robe River's Financial Reports for the years ended 31 December 2015 and 31 December 2016 and confirmed compliance.	A	1
161.	Compliance with performance standards	Clause 13.1	The licensee must comply with any individual performance standards prescribed by the ERA.	4	From review of the Performance Reports to the ERA for 2014/15 and 2015/16, and a register kept of water flow/pressure testing annually, the auditor confirmed the water flow rate and pressure meet the performance standards in Schedule 2 (Version1) and Schedule 3 (Version 2) of the licence.	A	1
162.	Operational audit	Clause 14.4	The licensee must cooperate with the independent expert and comply with the ERA's standard audit guidelines dealing with the operational audit.	4	This audit/review is designed in accordance with the Audit Guidelines. The licensee has fully co-operated.	A	1
163.	External administration	Clause 15.1(a), (b), (c)	The licensee must report to the ERA, 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.	4	The auditor confirmed by interview and review of Robe River's Financial Reports for the audit period that there is no external administration.	NP	NR
164.	Advise ERA of major or general works	Clause 15.1(d)	The licensee must report to the ERA within 10 business days of providing or undertaking water service works that are major works or general works.	4	The auditor confirmed with Robe River's Compliance Advisor and review of the Asset Management System documentation and drawings that no additional major works or general works have been proposed, provided or undertaken by the licensee during the audit period. The requirement to notify the ERA of any material change to the asset management system within 10 business days of providing or undertaking water service works that are major works or general works is included in the Water Compliance Reporting Manual - list of all compliance obligations).	A	NR

No <sup>3</sup>	Operating Area	Legislative Reference	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
165.	Provision of information to Authority	Clause 16.1	The licensee must provide the ERA any information that the ERA may require in connection with its functions under the Act in the time, manner and form specified by the ERA.	3	In accordance with the Water Compliance Reporting Manual 2016, Robe River is required to submit to the ERA: <ul style="list-style-type: none"> <li>) Annual performance reports no later than 31 July for the reporting year ending 30 June; and</li> <li>) Annual compliance reports by 31 August for the year ending 30 June.</li> </ul> The auditor reviewed Robe River's correspondence with the ERA and the Compliance and Performance Reports for 2014/15 and 2015/16 and confirmed the reports had been submitted by the due dates.	A	1
166.	Compliance reporting to ERA	Clause 16.2	The licensee must comply with any information reporting requirements prescribed by the ERA, including but not limited to the provisions of the <i>Water Compliance Reporting Manual</i> that apply to the licensee.	3	As per item 165, the auditor reviewed the licensee's correspondence with the ERA and licensee's Compliance and Performance Reports for 2014/15 and 2015/16 and confirmed the required information had been provided.  Section 9.3.2.3 of the Audit and Review Guidelines: Water Licenses July 2014 states that the ERA expects licensees to maintain a compliance (or breach) register in respect of their licence conditions. The auditor sighted a copy of the Water Compliance Reporting Manual - list of all compliance obligations). for the audit period.	A	1
167.	Performance reporting to ERA	Clause 16.3	The licensee must provide the ERA with the data required for performance reporting purposes that is specified in <i>Water Compliance Reporting Manual</i> , and the National Performance Framework that apply to the licensee.	3	The auditor reviewed Robe River's correspondence with the ERA and the Performance Reports for 2014/15 and 2015/16, and confirmed Robe River provided the ERA with the data required for performance reporting purposes in the time and format required.	A	1
168.	Publishing information	Clause 17.2	Subject to clause 17.3, the licensee must publish within the specified timeframe any	4	The auditor reviewed Robe River's correspondence with the ERA in the audit period and confirmed that	NP	NR

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			information that the ERA has directed the licensee to publish under clause 17.1.		in the audit period, Robe River was not directed by the ERA to publish any information.		
169.	Notices in writing	Clause 18.1	Unless otherwise specified, all notices must be in writing.	4	The auditor reviewed Robe River's correspondence with the ERA in the audit period and confirmed compliance. All correspondence observed was in hardcopy letter or email.	A	1
170.	Notify Authority of asset management system (AMS)	Clause 20.1	The licensee must provide for, and notify the ERA of, an asset management system within the specified time unless otherwise notified by the ERA.	4	The ERA has been notified of and has approved the asset management system as part of the licence approval.	A	1
171.	Notify Authority of material change to AMS	Clause 20.2	The licensee must notify the ERA of any material change to the asset management system within 10 business days of the change.	4	The auditor confirmed with Robe River's Compliance Advisor and in the filed visit that no significant changes have been made to the Asset Management System (AMS) during the audit period. The requirement to notify the ERA of any material change to the AMS within 10 days of the change is included in the Water Compliance Reporting Manual - list of all compliance obligations	A	NR
172.	Asset Management System Review	Clause 20.6	The licensee must cooperate with the independent expert and comply with the ERA's standard guidelines dealing with the asset management system review.	4	This review is being undertaken in accordance with the Audit and Review Guidelines. The licensee has fully cooperated with the review.	A	1
173.	Ombudsman scheme	Clause 21.1	The licensee must not supply water services to customers unless the licensee is a member of and bound by the Water Services Ombudsman scheme.	4	The auditor confirmed by interview with Robe River's Compliance Advisor and review of the correspondence between the licensee and the Energy and Water Ombudsman (WA) Limited, that the licensee is a member of the Water Services Ombudsman Scheme.	A	1
174	Customer contract	Clause 22.1	Subject to the Act and the terms of a customer contract that apply to the water service, the licensee must supply water services in accordance with the terms and conditions set out in Schedule 4 (if any).	4	There are no specific terms and conditions in Schedule 4 (Version 1) or Schedule 3 (Version 2) of the licence so this clause was not applicable in the audit period.	NP	NR

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175.		Clause 23.1	If directed by the ERA, the licensee must submit a draft customer contract for approval.	4	Robe River's Compliance Advisor confirmed there has been no directive from the ERA.	NP	NR
176.		Clause 23.2	The licensee must comply with any <i>Customer Contract Guidelines</i> that apply to the licensee.	4	As per item 174.	NP	NR
177.		Clause 23.3	The licensee may only amend the customer contract with the ERA's approval.	4	As per item 174.	NP	NR
178.		Clause 23.6	The licensee must comply with any direction by the ERA to amend the customer contract.	4	As per item 174.	NP	NR
179.		Clauses 24.1 and 24.2	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 <i>Customer Services Code</i> without the prior approval of the ERA.	4	The auditor confirmed with Robe River's Compliance Advisor that there are no provisions to restrict the terms and conditions of the licence or the Code of Conduct.	NP	NR
180.		Clause 24.4	If the licensee enters into an agreement that excludes, modifies or restricts the terms and conditions of the licence or the requirements of the <i>Customer Services Code</i> , the licensee must publish an annual report containing the information specified.	4	As per item 179.	NP	NR
181.	Obligations of supplier of last resort	Clause 25.1	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.	4	The auditor confirmed with Robe River's Compliance Advisor that Robe River was not appointed as a supplier of last resort.	N/A	N/A

No <sup>3</sup>	Operating Area	Legislative Reference	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
182.	No services outside operating area	Clause 28.1(b)	If the licensee provides a water service outside of the operating area the licensee must apply to amend the licence unless otherwise notified by the ERA.	4	The auditor confirmed by interview with Robe River's Compliance Advisor, review of Asset Management System documentation and observation that Robe River does not provide a water service outside of the operating area set out in Plan Number: OWR-OA-308.	N/A	N/A
183.	Financial hardship Policy guidelines	Clause 30.3	The licensee must comply with the ERA's Financial Hardship Policy Guidelines as they apply to the licensee.	4	Robe River has complied with the ERA's Financial Hardship Policy Guidelines.	A	1
184	MOU with the Department of Health	Clause 31.1	The licensee must enter into a Memorandum of Understanding ('MOU') with the Department of Health as soon as practicable after the commencement date.	4	The auditor sighted a letter dated 29 December 2016 from the Department of Health ('DoH') with their preference to defer any new MOU until a new edition is finalised in "early 2017" and Minutes of a Meeting with DoH on 20 May 2017, that deferred the new MOU until at least 30 June 2017. The next meeting is in August 2017. The action is noted by Robe River.	A	NR
185		Clause 31.2	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.	4	Refer item 184.	A	NR
186		Clause 31.3	The licensee must comply with the terms of the Memorandum of Understanding.	4	Refer item 184.	A	NR
187		Clause 31.4	The licensee must publish the Memorandum of Understanding and any amendments to the Memorandum of Understanding within one month of signing or making the amendment.	4	Refer item 184.	A	NR
188		Clause 31.5	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.	4	Refer item 184.	A	NR

No <sup>3</sup>	Operating Area	Legislative Reference	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence <i>(including any recommendations)</i>	Adequacy of Controls Rating <sup>4</sup>	Compliance Rating <sup>5</sup>
189		Clause 31.6	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.	4	Refer item 184.	A	NR
190.	Service and performance standards (if applicable)	Clause 31.1	The licensee must comply with the service and performance standards as set out in Schedule 3.	1	From review of the Performance Reports to the ERA for 2014/15 and 2015/16, and a register kept of water flow/pressure testing annually, the auditor confirmed the water flow rate and pressure meet the performance standards in Schedule 2 (Version1) and Schedule 3 (Version 2) of the licence.	A	1

## 2.6 Audit Non-Compliances and Recommendations

Table of Audit Non- Compliances and Recommendations				
Reference (no./year)	Legislative Obligation/ Compliance Rating/ Details of issue	Auditor's Recommendation or Action Taken	Date Resolved	Further Action Required (Yes/No/N/A) & Details (Including current recommendation ref. if applicable)
	There were no non-compliances identified that were either rectified in the course of the audit period or outstanding at the date of audit.	N/A		

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## 2.7 Conclusion

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

Through the execution of the Audit Plan and assessment and testing of the control environment, the information system, control procedures and compliance attitude, the audit team members have gained reasonable assurance that Robe River has:

- a) complied with 161 applicable licence obligations during the audit period from 9 April 2015 to 30 April 2017 with no exceptions identified.
- b) established an adequate control environment for ongoing compliance.
- c) maintained the data integrity of reporting to the ERA.

There were no recommended improvements.



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## 3. Asset Management System Effectiveness Review

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### 3.1 Description of Infrastructure

Pannawonica town is located in the Pilbara region of WA, near the Robe River, about 200 km south-east from Karratha. The township has approximately 400 residential and commercial properties which were built in 1970 to provide accommodation for mining staff, their families and the small number of non-mining support personal.

The operating area includes: the bore field; transmission pipeline (potable) to the town; distribution system (potable) within the town; sewerage and wastewater services assets within the town; and pipeline (sewerage and wastewater) from the town to the Waste Water Treatment Plant.

Given that the potable water and sewerage systems have been in service for 40+ years and are critical to the wellbeing of the township and operation of the mine, the assets are well established and the systems understood by the operating staff.

An overview of the potable water supply and sewerage systems is provided below.

A relatively shallow, unconfined aquifer located in the Robe River floodplain is the sole supply of raw water to the Pannawonica township. The bore field which extracts the raw water supply is approximately 5km south-east of the township near Pannawonica Hill. A series of five electrically powered bore pumps transfer groundwater via an underground network of pipes up to an elevated water treatment plant on higher ground known as Tank Hill, approximately 1.2km south of the township. Prior to storage in a series of three large steel header (pressure) tanks, the raw water is treated with chlorine gas to ensure the quality of the water. The drinking water is then distributed to the township wastewater system via a network of gravity fed underground pipe infrastructure.

Wastewater generated by residents is collected and conveyed via a piped underground gravity sewer system. Gravity pipelines are a mix of vitreous clay, cement lined steel, PVC and polyethylene. A pump station assists with transferring wastewater, from an area of low elevation at the eastern end of Sherlock Drive within the township. This discharge to the gravity transfer main is delivered to the wastewater treatment plant approximately 1.0km to the south west.

The wastewater treatment plant is of the activated sludge, sequencing batch reactor type. Incoming sewerage is initially pumped to a grit/screening process wet well where solids and/or grit debris is removed via an inclined rotating auger screen. Grit is stored in open bins at the site for disposal at a registered landfill.

The wastewater is then transferred by pump to an anoxic tank where it is mixed with return sludge from the clarifier and Nitrate rich liquor pumped from the aeration / decant tank which are both located in the downstream sequence of the process.

The anoxic selector tank is to prepare the waste for further treatment by mixing the raw sewerage which is a food source with microorganisms from the returned sludge.

A high-level overflow pipe from the anoxic selector tank fills the recirculating anoxic buffer tank. Within the recirculating anoxic buffer tank, the contents are mixed and transferred via pump to an aeration/decanting tank. The recirculating anoxic buffer tank is afforded approximately 100% additional storage capacity to allow for an unusually high incoming flow, or for storage when the aeration/decanting tank is in settlement mode.

The jet aerations using compressed air in the /decanting tank adds oxygen until the tank is full. At this time, the contents is allowed to settle for a one hour period before being forward transferred, to two large cascading settlement ponds via pumps. The wastewater is then treated in the settling pond with chlorine in tablet form before being discharged through a v-notch weir pit, to a watercourse abutting the site. The vee notch weir is to monitor or peak and accumulated flows.

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## 3.2 Objectives and Scope

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

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

- ) Asset planning
- ) Asset creation/acquisition
- ) Asset disposal
- ) Environmental analysis
- ) Asset operations
- ) Asset maintenance
- ) Asset management information system
- ) Risk management
- ) Contingency planning
- ) Financial planning
- ) Capital expenditure planning
- ) Review of the asset management system.

The highest priority asset components based on inherent risk were:

- ) **Asset Planning** - high inherent risk.
- ) **Environmental Analysis** – high inherent risk.
- ) **Risk Management** – high inherent risk.
- ) **Contingency Planning** - high inherent risk.

This review covered the period from 9 April 2015 to 30 April 2017.

As it is the first review under the licence, there were no previous review recommendations to follow-up.

### 3.3 Asset Management Process and Performance Rating Scales

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

#### Asset Management Process and Policy Definition - Adequacy ratings

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

#### Asset Management Performance ratings

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

### 3.4 Summary of Asset Management System Effectiveness Ratings

The audit assessment of the asset management system process and policy definitions and their effectiveness, based on the ratings scale in Section 3.3, is shown in the table below.

Section 3.5 provides further details of the rating results for each process in the asset management system.

ASSET MANAGEMENT SYSTEM COMPONENT & EFFECTIVENESS CRITERIA	Process and policy definition rating				Performance rating				
	Adequately defined	Requires some improvement	Requires significant improvement	Inadequate	Performing effectively	Opportunity for improvement	Corrective action required	Serious action required	Not Rated
	A	B	C	D	1	2	3	4	NR
<b>1. Asset planning</b>	A				1				
1.1 Asset management plan covers key requirements.	A				1				
1.2 Planning process and objectives reflect the needs of all stakeholders and is integrated with business planning.	A				1				
1.3 Service levels are defined.	A				1				
1.4 Non-asset options (e.g. demand management) are considered.	A				1				
1.5 Lifecycle costs of owning and operating assets are assessed.	A				1				
1.6 Funding options are evaluated.	A				1				
1.7 Costs are justified and cost drivers identified.	A				1				
1.8 Likelihood and consequences of asset failure are predicted.	A				1				
1.9 Plans are regularly reviewed and updated.	A				1				
<b>2. Asset creation/ acquisition</b>	A				1				
2.1 Full project evaluations are undertaken for new assets, including comparative assessment of non-asset solutions.	A				1				
2.2 Evaluations include all life-cycle costs.	A				1				
2.3 Projects reflect sound engineering and business decisions.	A				1				
2.4 Commissioning tests are documented and completed.	A				1				

ASSET MANAGEMENT SYSTEM COMPONENT & EFFECTIVENESS CRITERIA	Process and policy definition rating			Performance rating			
2.5 Ongoing legal/environmental/safety obligations of the asset owner are assigned and understood.	A			1			
<b>3. Asset disposal</b>	A			1			
3.1 Under-utilised and under-performing assets are identified as part of a regular systematic review process.	A			1			
3.2 The reasons for under-utilisation or poor performance are critically examined and corrective action or disposal undertaken.	A			1			
3.3 Disposal alternatives are evaluated.	A			1			
3.4 There is a replacement strategy for assets.	A			1			
<b>4. Environmental analysis</b>	A			1			
4.1 Opportunities and threats in the system environment are assessed.	A			1			
4.2 Performance standards (availability of service, capacity, continuity, emergency response, etc) are measured and achieved.	A			1			
4.3 Compliance with statutory and regulatory requirements.	A			1			
4.4 Achievement of customer service levels.	A			1			
<b>5. Asset operations</b>	A			1			
5.1 Operational policies and procedures are documented and linked to service levels required.	A			1			
5.2 Risk management is applied to prioritise operations tasks.	A			1			
5.3 Assets are documented in an Asset Register including asset type, location, material, plans of components, and an assessment of assets' physical/structural condition and accounting data.	A			1			
5.4 Operational costs are measured and monitored.	A			1			
5.5 Staff resources are adequate and staff receive training commensurate with their responsibilities.	A			1			
<b>6. Asset maintenance</b>	A			1			
6.1 Maintenance policies and procedures are documented and linked to service levels required.	A			1			
6.2 Regular inspections are undertaken of asset performance and condition.	A			1			
6.3 Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule.	A			1			

ASSET MANAGEMENT SYSTEM COMPONENT & EFFECTIVENESS CRITERIA	Process and policy definition rating			Performance rating			
6.4 Failures are analysed and operational/maintenance plans adjusted where necessary.	A			1			
6.5 Risk management is applied to prioritise maintenance tasks.	A			1			
6.6 Maintenance costs are measured and monitored.	A			1			
<b>7. Asset Management Information System (MIS)</b>	A			1			
7.1 Adequate system documentation for users and IT operators.	A			1			
7.2 Input controls include appropriate verification and validation of data entered into the system.	A			1			
7.3 Logical security access controls appear adequate, such as passwords.	A			1			
7.4 Physical security access controls appear adequate.	A			1			
7.5 Data backup procedures appear adequate and backups are tested.	A			1			
7.6 Key computations related to licensee performance reporting are materially accurate.	A			1			
7.7 Management reports appear adequate for the licensee to monitor licence obligations.	A			1			
<b>8. Risk management</b>	A			1			
8.1 Risk management policies and procedures exist and are being applied to minimise internal and external risks associated with the asset management system.	A			1			
8.2 Risks are documented in a risk register and treatment plans are actioned and monitored.	A			1			
8.3 The probability and consequences of asset failure are regularly assessed.	A			1			
<b>9. Contingency planning</b>	A			1			
9.1 Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks.	A			1			
<b>10. Financial planning</b>	A			1			
10.1 The financial plan states the financial objectives and strategies and actions to achieve the objectives.	A			1			
10.2 The financial plan identifies the source of funds for capital expenditure and recurrent costs.	A			1			

ASSET MANAGEMENT SYSTEM COMPONENT & EFFECTIVENESS CRITERIA	Process and policy definition rating			Performance rating			
10.3 The financial plan provides projections of operating statements (profit and loss) and statement of financial position (balance sheets).	A			1			
10.4 The financial plan provides firm predictions on income for the next five years and reasonable indicative predictions beyond this period.	A			1			
10.5 The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services.	A			1			
10.6 The financial plan states the financial objectives and strategies and actions to achieve the objectives.	A			1			
<b>11. Capital expenditure planning</b>	A			1			
11.1 There is a capital expenditure plan that covers issues to be addressed, actions proposed, responsibilities and dates.	A			1			
11.2 The plan provides reasons for capital expenditure and timing of expenditure.	A			1			
11.3 The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan.	A			1			
11.4 There is an adequate process to ensure that the capital expenditure plan is regularly updated and actioned.	A			1			
<b>12. Review of asset management system</b>	A			1			
12.1 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			
12.2 Independent reviews (e.g. internal audit) are performed of the asset management system.	A			1			

### 3.5 Review Observations and Recommendations

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
		Process Rating <sup>6</sup>	A	Performance Rating <sup>7</sup>	1
<b>1</b>	<b>ASSET PLANNING</b>				
1.1	Asset management plan covers key requirements.	An overview of Robe River's Asset Planning and Management processes is included in Section 1 of its Asset Management Improvement Plan for Water and Wastewater Asset Management (2017 Issue E Rev K V2). This shows the framework for how the different documents and systems interface to form the overall structure for Robe River's overall asset management of the water and wastewater assets. The Rio Tinto Asset Management Framework and Manual sets out the overall approach. The Asset Management Improvement Plan and the above documents cover the key requirements of asset planning.			
1.2	Planning process and objectives reflect the needs of all stakeholders and is integrated with business planning.	The business planning process in developing the above plans has included input from stakeholders and is integrated with Robe River's planning and budgeting processes.			
1.3	Service levels are defined.	The service levels for the potable water supply and sewerage service are defined in the Asset Management Improvement Plan for Water and Wastewater Asset Management. Robe River also has a Drinking Water Quality Management Plan for Pannawonica to assist with the asset planning of its drinking water assets. Performance in respect of the licence is also measured in the annual performance reports to the ERA.			
1.4	Non-asset options (e.g. demand management) are considered.	Non-asset options are considered as part of the asset management process in the Rio Tinto Asset Management Framework and Manual.			
1.5	Lifecycle costs of owning and operating assets are assessed.	Lifecycle costs are considered as part of the asset management process in the Rio Tinto Asset Management Framework and Manual.			
1.6	Funding options are evaluated.	Robe River's budgeting is 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. The costs are borne through mining operations revenue and seen as part of the overall cost of operating a mining business. There are no charges for water services at Pannawonica.			
1.7	Costs are justified and cost drivers identified.	The Asset Management Improvement Plan (2017 Issue E Rev K V2), documents the process for new asset creation. This integrates with the Rio Tinto Iron Ore Capital Accounting Manual which guides the overall process for asset creation.			

<sup>6</sup> Process ratings: A=adequately defined, B=requires some improvement, C=requires significant improvement, D=inadequate.

<sup>7</sup> Performance ratings: 1=performing effectively, 2=opportunity for improvement, 3=corrective action required, 4=serious action required



Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)				
		Projects are identified via completion of an initiation form where they are assessed, scoped and developed. For a project to proceed and a budget allocated, a business case plan report is required and to be approved by management. The business case takes into the costs and considers the cost drivers.				
1.8	Likelihood and consequences of asset failure are predicted.	The likelihood and consequences of asset failures are assessed by Robe River 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. The reviewer sighted the Core Services (Water) Risk Register.				
1.9	Plans are regularly reviewed and updated.	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 Robe River's documents are reviewed, and updated if required, every two years. This was confirmed during the operating licence audit.				
<b>2</b>	<b>ASSET CREATION/ ACQUISITION</b>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%; text-align: center;">Process Rating</td> <td style="width: 15%; text-align: center;"><b>A</b></td> <td style="width: 33%; text-align: center;">Performance Rating</td> <td style="width: 19%; text-align: center;"><b>1</b></td> </tr> </table>	Process Rating	<b>A</b>	Performance Rating	<b>1</b>
Process Rating	<b>A</b>	Performance Rating	<b>1</b>			
2.1	Full project evaluations are undertaken for new assets, including comparative assessment of non-asset solutions.	<p>There were no significant replacements or additions of assets during the review period, only upgrades of assets at the end of their useful life.</p> <p>The process of asset creation is managed by Rio Tinto, who also inherit maintenance responsibilities once assets are created. The Asset Improvement Plan (2017 Issue E Rev K V2), documents the process for new asset creation. This integrates with the Rio Tinto Iron Ore Capital Accounting Manual which guides the overall process for asset creation including assessment of non-asset solutions.</p> <p>Projects are identified via completion of an initiation form where they are assessed, scoped and developed. For a project to proceed and a budget allocated, a business case plan report is required and to be approved by management.</p> <p>There are also separate processes, operational readiness (commissioning) guidelines and Rio Tinto Iron Ore systems for managing drawings.</p> <p>The Asset Creation and Acquisition process during the period is considered sound.</p>				
2.2	Evaluations include all life-cycle costs.	The project initiation form includes considering the lifecycle costs.				
2.3	Projects reflect sound engineering and business decisions.	The business case takes into account health, safety, environment, reliability, compliance and/or regulatory considerations.				
2.4	Commissioning tests are documented and completed.	There are operational readiness (commissioning) guidelines for any new assets. The reviewer sighted a Capital Project Commissioning Report dated December 2015 for replacement of a section of sewer mains in the town, as an example.				

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
2.5	Ongoing legal/environmental/safety obligations of the asset owner are assigned and understood.	The reviewer sighted various documentation of environment and safety procedures for the ongoing operation of the water assets at Pannawonica. The review also confirmed that various environmental/safety checks are being performed in accordance with the environmental/safety obligations under the licence.			
<b>3</b>	<b>ASSET DISPOSAL</b>	Process Rating	<b>A</b>	Performance Rating	<b>1</b>
3.1	Under-utilised and under-performing assets are identified as part of a regular systematic review process.	The process of asset disposal is managed by Rio Tinto. Referenced in the Asset Improvement Plan, 2017 Issue E Revision K V2, the process for asset disposal is defined under the Rio Tinto Iron Ore Capital Accounting Manual. During the audit period, no assets were disposed of. The control of the asset disposal process is therefore considered satisfactory.			
3.2	The reasons for under-utilisation or poor performance are critically examined and corrective action or disposal undertaken.	Any under-utilised or under-performing assets identified from regular inspections and performance monitoring are reviewed by Robe River and work orders created on the SAP Corporate computer database system for any corrective action required (eg maintenance).			
3.3	Disposal alternatives are evaluated.	No assets were disposed during the review period and no disposals are anticipated in the near future apart from replacement of any assets at the end of their life.			
3.4	There is a replacement strategy for assets.	The Asset Management Improvement Plan for Water and Wastewater Asset Management documents the overall replacement strategy which is essentially a care and maintenance approach.			
<b>4</b>	<b>ENVIRONMENTAL ANALYSIS</b>	Process Rating	<b>A</b>	Performance Rating	<b>1</b>
4.1	Opportunities and threats in the system environment are assessed.	Opportunities and threats for the potable water system and sewerage system are assessed in Risk Management Plans and preventative and monitoring actions are noted in the Active Risk Manager database, as sighted by the reviewer.			
4.2	Performance standards (availability of service, capacity, continuity, emergency response, etc.) are measured and achieved.	The potable water quality is continually tested to ensure the performance standards are being met. The Annual Performance Reports to the ERA for 2014/15 and 2015/16 were sighted. Performance standards have been met and there were no unplanned interruptions to the water supply and wastewater services. There is a risk of unplanned interruptions due to the ageing infrastructure and this is monitored through regular condition assessments.			
4.3	Compliance with statutory and regulatory requirements.	Robe River's Water Compliance Reporting Manual lists the statutory and regulatory licences and other compliance requirements including reporting to the regulatory authorities. Robe River's Compliance Advisor monitors compliance. Any breaches or non-compliance issues are logged in the Non-Compliances Register.			

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
4.4	Achievement of customer service levels.	The Annual Performance Reports to the ERA for 2014/15 and 2015/16 were sighted and show there were no customer complaints recorded. It is concluded that customer service levels are being achieved.			
<b>5</b>	<b>ASSET OPERATIONS</b>	Process Rating	<b>A</b>	Performance Rating	<b>1</b>
5.1	Operational policies and procedures are documented and linked to service levels required.	<p>Water and wastewater infrastructure systems servicing Pannawonica are well established with operational procedures, maintenance requirements, protocols and performance indicators fully documented.</p> <p>An Asset Operations and Maintenance Plan exist for both water and wastewater services. Each plan provides a detailed description of the system, regulatory requirements, key performance indicators, critical assets and operating and maintenance procedures. Both of these documents were created before 2006 and have been reviewed and updated on a regular basis.</p> <p>These plans are complimented by the Drinking Water Quality Management Plan (RTIO- HSE-0251762).</p> <p>Asset operations appear to be very well managed with a systematic approach given to asset maintenance, scheduling and document control. A number of the operational processes are automated, reducing risk and improving reliability. Examples of this are the use of SCADA CITECT (Supervisory Control and Data Acquisition) based computerised system providing real time operational performance, alarms and control over water bore pumps, chlorination, water header tank levels and mechanical plant at the water and wastewater treatment plants. The site visit confirmed the well maintained operational condition of the key in field assets.</p> <p>Rio Tinto uses the SAP computer database system to action, instruct and record all maintenance related non-automated activities (work orders). The computer program is able to action Work Orders according to a set maintenance schedule and make relevant staff aware of the actions required. Importantly, there is a process to escalate activities not actioned or closed out within a specified time frame to ensure compliance.</p>			
5.2	Risk management is applied to prioritise operations tasks.	<p>Risk management plans and risk assessments (e.g. RTIO-HSE-0065318) have been used to develop and prioritise key operational tasks relative to the water and wastewater supply systems.</p> <p>Health, safety environment and quality (HSEQ) is also a key focus, for which frameworks, systems, procedures and documentation are in place (e.g. MS001, WC2150, WP1260-06).</p>			
5.3	Assets are documented in an Asset Register including asset type, location, material, plans of components, and an assessment of assets' physical/structural condition and accounting data.	<p>Assets are documented in the Core Services Water and Wastewater Asset Register. The asset register includes:</p> <ul style="list-style-type: none"> <li>▪ Asset Class</li> <li>▪ Asset location</li> <li>▪ Asset Sub-location</li> <li>▪ Asset number</li> <li>▪ Description</li> <li>▪ Installation/upgrade date</li> <li>▪ Last inspection</li> </ul>			

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)				
		<ul style="list-style-type: none"> <li>▪ Health index score</li> <li>▪ Estimated remaining life</li> <li>▪ % utilisation</li> <li>▪ Condition assessment.</li> </ul> <p>Accounting data is recorded in the financial Asset Register in the SAP Corporate computer system.</p>				
5.4	Operational costs are measured and monitored.	Operational costs are monitored monthly by staff with outputs received from the SAP corporate computer system. Cost reports compare actual expenditure against budgets for individual areas, assets and functional tasks. This is another trigger for ensuring that regular asset operations are performing as intended.				
5.5	Staff resources are adequate and staff receive training commensurate with their responsibilities.	<p>The reviewer sighted a listing of the key personnel from Robe River that operate and maintain the supply of water services and wastewater treatment facilities. The qualifications, responsibilities and roles of key staff are documented in the Site Reliability Plans (Pannawonica water and wastewater 19/10/2016). A list of staff competencies is available through other Rio Tinto Corporate systems (e.g. SAP). Training programs are based on needs / gap analysis performed by the Rio Tinto Core Services Training Team</p> <p>Overall, the staff resources are considered to be adequate and receive training commensurate with their responsibilities.</p>				
<b>6</b>	<b>ASSET MAINTENANCE</b>	<table border="0" style="width: 100%;"> <tr> <td style="text-align: center;">Process Rating</td> <td style="text-align: center;"><b>A</b></td> <td style="text-align: center;">Performance Rating</td> <td style="text-align: center;"><b>1</b></td> </tr> </table>	Process Rating	<b>A</b>	Performance Rating	<b>1</b>
Process Rating	<b>A</b>	Performance Rating	<b>1</b>			
6.1	Maintenance policies and procedures are documented and linked to service levels required.	<p>Asset maintenance for water and wastewater infrastructure relies on the SAP corporate computer database system to schedule, action and record all maintenance related activities.</p> <p>Rio Tinto have particular methods and well documented procedures for developing maintenance plans (Asset Maintenance Procedure EP-A005) and asset management tactics (GN-A029). The documented procedures and policies from the Site Reliability Plans (water and wastewater) are replicated in the SAP database and linked to the key performance indicators/service levels (e.g. service interruptions, monthly recording of discharge wastewater flows).</p>				
6.2	Regular inspections are undertaken of asset performance and condition.	<p>A condition monitoring program is in place for each of the key Pannawonica water and wastewater assets (e.g. bores, water storage tanks chlorination systems, water mains, sewer pump station and wastewater treatment plant). Again, the SAP database is utilised to schedule, action and record all maintenance related activities including costs. Findings from inspections are also raised as notifications in SAP and may inform the Core Services Asset Registers and Capital Plans. Presentation of a number of asset inspections (i.e. Maintenance Orders) confirms that the typical daily inspections are being completed.</p> <p>Sewer mains were inspected routinely by CCTV until 2013. Since then, inspections have been ad-hoc but inspections are planned to be completed at least every 5 years. These assets are provided with a health score system between nodes (sewer pits) based on asset age, condition, profile, material and importance (e.g. under rail or road). Data is</p>				

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
		stored in a reliability dashboard (electronic software database) and analysed with Spotfire Software (using a balanced scorecard). Results of the asset condition are used to set priorities in the Asset Operations and Capital Plans.			
6.3	Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule.	<p>Rio Tinto has particular methods and well documented procedures for developing maintenance plans (Asset Maintenance Procedure EP-A005) and asset management tactics (GN-A029). The documented procedures and policies from the Site Reliability Plans (water and wastewater) are replicated in the SAP database and linked to the key performance indicators/service levels (e.g. service interruptions, monthly recording of discharge wastewater flows).</p> <p>In addition, contingency and emergency planning for asset operations have been completed and are documented (e.g. Bushfire Risk Management HSE-0136457, Cyclone Management HSE-0127586, Chlorine Management Plan and Unplanned Effluent Release Plans for Pannawonica).</p>			
6.4	Failures are analysed and operational/maintenance plans adjusted where necessary.	<p>Rio Tinto use the SCADA CITECT (Supervisory Control and Data Acquisition) based computerised system to provide real time operational performance, alarms and control over water bore pumps, chlorination, water header tank levels and mechanical plant at the water and wastewater treatment plant.</p> <p>All failures/alarms are analysed and plans adjusted as necessary.</p>			
6.5	Risk management is applied to prioritise maintenance tasks.	Detailed maintenance tasks, such as regular inspections, are loaded into the SAP database and assigned to staff and tracked to completion. The tasks are allocated a priority in the SAP database based on the risk assessment.			
6.6	Maintenance costs are measured and monitored.	The reviewer confirmed by interview with Robe River's Compliance Advisor and review of Robe River's financial statement for the utilities expenses that maintenance costs are tracked through the SAP corporate computer system and monitored.			
<b>7</b>	<b>ASSET MANAGEMENT INFORMATION SYSTEM</b>	Process Rating	<b>A</b>	Performance Rating	<b>1</b>
7.1	Adequate system documentation for users and IT operators.	<p>The Robe River asset management system utilises a combination of related Corporate Rio Tinto systems, data and processes, as per the Asset Management Improvement Plan.</p> <p>These systems include:</p> <ul style="list-style-type: none"> <li>) 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.</li> <li>) SAP (maintenance planning system) - limited access, with separate codes for access to individual functions of the system.</li> <li>) HSEQ system - controlled document management system for HSEQ specific information, with limited access.</li> </ul>			

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)
		<ul style="list-style-type: none"> <li>)] FDMS (document management system) - limited access based on position and with document check and approval functions.</li> <li>)] Prospect - business management system (including incident reporting) - access by logon to PC.</li> <li>)] CAPS - Capital Approvals &amp; Planning System - approval for capital projects - access by logon to PC.</li> <li>)] Iron Ore Intranet - various functions, including the portal for the Engineering &amp; Asset Management group (custodians of the RTIO Asset Management standards).</li> <li>)] ARM – Active Risk Manager - access by logon to PC..</li> <li>)] SCADA CITECT - water and wastewater operating and control system - limited access, controlled by password.</li> <li>)] Outage database for recording interruptions and spills data from Prospect.</li> <li>)] Reporting for Operating Licence Performance and Compliance reports compilation.</li> </ul> <p>The systems are documented within the system itself and for key functions in detailed operating procedures. Examples were sighted by the reviewer.</p>
7.2	Input controls include appropriate verification and validation of data entered into the system.	Data accuracy is controlled by edit checks of data fields in the key system and checks by the Administrator when entering manually completed work order requests and updates – considered adequate.
7.3	Logical security access controls appear adequate, such as passwords.	Access to all systems have restricted user access and require passwords that are regularly changed.
7.4	Physical security access controls appear adequate.	<p>The physical access restrictions to the Administration office in Perth and the control centre at Pannawonica were confirmed during the field visits.</p> <p>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.</p>
7.5	Data backup procedures appear adequate and backups are tested.	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 Robe River. Backups are tested and data backup procedures are sound.
7.6	Key computations related to licensee performance reporting are materially accurate.	From review of source data for the performance reporting, the calculations are considered to be accurate.
7.7	Management reports appear adequate for the licensee to monitor licence obligations.	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 plans.

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
		There is also an annual review of compliance with the licence obligations in the Water Compliance Reporting Manual. Internal monthly management reports are used to track progress on actions/work and to monitor actual expenditure against budgets.			
<b>8</b>	<b>RISK MANAGEMENT</b>	Process Rating	<b>A</b>	Performance Rating	<b>1</b>
8.1	Risk management policies and procedures exist and are being applied to minimise internal and external risks associated with the asset management system.	Risk management plans and risk assessments (e.g. RTIO-HSE-0065318) have been used to develop and prioritise key operational tasks relative to the water and wastewater supply systems. Health, safety environment and quality (HSEQ) is also a key focus, for which frameworks, systems, procedures and documentation are in place (e.g. MS001, WC2150, WP1260-06).			
8.2	Risks are documented in a risk register and treatment plans are actioned and monitored.	The risks are documented in a risk register using Active Risk Manager software, including water quality and service failures, and as Critical Control Points in the Drinking Water Quality Risk Management Plan. Treatment plans are included in these Plans and actioned via the operating and maintenance procedures.			
8.3	The probability and consequences of asset failure are regularly assessed.	The probability and consequences of asset failure are included in the risk register. The register is reviewed and updated every 6 months. The latest review was in June 2017.			
<b>9</b>	<b>CONTINGENCY PLANNING</b>	Process Rating	<b>A</b>	Performance Rating	<b>1</b>
9.1	Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks.	<p>Robe River has documented the contingency plans in the Business Continuity Plan – Water Infrastructure and Supply. The Plan is reviewed at least annually via desktop exercises.</p> <p>There are also site based contingency plans that include drinking water quality, water mains failure, storage tank failure, water pump station failure, chlorination system failure, sewer pump station failure and sewer main 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.</p> <p>The Drinking Water Quality Risk Management Plan also includes incident reporting and emergency response procedures, and is tested at least annually.</p> <p>In addition, contingency and emergency planning for asset operations have been completed and are documented (e.g. Bushfire Risk Management HSE-0136457, Cyclone Management HSE-0127586, Chlorine Management Plan and Unplanned Effluent Release Plans for Pannawonica).</p>			

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
		Process Rating	A	Performance Rating	1
<b>10</b>	<b>FINANCIAL PLANNING</b>				
10.1	The financial plan states the financial objectives and strategies and actions to achieve the objectives.	An overview of Robe River's Financial Planning processes is included in the 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			
10.2	The financial plan identifies the source of funds for capital expenditure and recurrent costs.	Robe River's budgeting is 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. The costs are borne through mining operations revenue and seen as part of the overall cost of operating a mining business. There are no charges for water services at Pannawonica. The capital expenditure for ongoing water and sewer mains upgrades is included in the capital budget for 2017 – 2022.			
10.3	The financial plan provides projections of operating statements (profit and loss) and statement of financial position (balance sheets).	The costs are borne through mining operations revenue and seen as part of the overall cost of operating a mining business. There are no charges for water services at Pannawonica. These costs are included in Robe River's annual budgeting process.			
10.4	The financial plan provides firm predictions on income for the next five years and reasonable indicative predictions beyond this period.	The costs are borne through mining operations revenue and seen as part of the overall cost of operating a mining business. There are no charges for water services at Pannawonica.			
10.5	The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services.	The costs are borne through mining operations revenue and seen as part of the overall cost of operating a mining business. There are no charges for water services at Pannawonica. These costs are included in Robe River's annual budgeting process.			
10.6	Significant variances in actual/budget income and expenses are identified and corrective action taken where necessary.	Variances in actual to budget income and expenses are reported in the monthly financial statements to Rio Tinto's Utilities management group and corrective action taken as necessary.			



Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
		Process Rating	A	Performance Rating	1
<b>11</b>	<b>CAPITAL EXPENDITURE PLANNING</b>				
11.1	There is a capital expenditure plan that covers issues to be addressed, actions proposed, responsibilities and dates.	The Capital Plan 2017 – 2021 – Water and Wastewater includes capital projects, the Project Leader, project details, justification, timing, financial budget and status. Although this is a relatively short timeframe, it is based on the mining industry timeframes. The capital expenditure for ongoing water and sewer mains upgrades at Pannawonica is included in the capital budget for 2017 – 2022.			
11.2	The plan provides reasons for capital expenditure and timing of expenditure.	The Capital Plan 2017 – 2021 – Water and Wastewater includes capital projects, the Project Leader, project details, justification, timing, financial budget and status.			
11.3	The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan.	The reviewer confirmed the Capital Plan is based on review of the condition of the assets and the estimated life of the assets as recorded in the Asset Register.			
11.4	There is an adequate process to ensure that the capital expenditure plan is regularly updated and actioned.	The Capital Plan 2017 – 2021 – Water and Wastewater is reviewed and updated during the year with the project status, and a full review and update annually. There were no significant replacements or additions of assets during the review period, only upgrades of assets at the end of their useful life. Review of the planned projects list for all Rio Tinto sites confirmed the Plan has evidence of being actioned. The capital expenditure planning process is considered adequate for the water and wastewater assets.			
<b>12</b>	<b>REVIEW OF ASSET MANAGEMENT SYSTEM</b>				
12.1	A review process is in place to ensure that the asset management plan and the asset management system described therein are kept current.	Robe River's Asset Management Improvement Plan outlines the internal and external review requirements for the Plan. Robe River reviews its Asset Management Improvement Plan annually. The current version of the Plan was updated in 2017.			
12.2	Independent reviews (e.g. internal audit) are performed of the asset management system.	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 and Group Audit and Assurance activities. These audits are carried out by internal Rio Tinto auditors but staff who are external to the division. The most recent audit including Pannawonica was an audit of the Towns Drinking Water Quality Management in June 2016. An independent review is also performed (by the ERA appointed auditors) every 24 months as required by the licence.			

### 3.6 Current Review Asset System Deficiencies and Recommendations

Table of Current Review Asset System Deficiencies and Recommendations			
A. Resolved during current review period			
Ref.	Asset System Deficiency (Rating/AMS Component/Effectiveness Criteria/Details)	Date Resolved (& management action taken)	Auditor's Comments
	Nil		
B. Unresolved at end of current review period			
Reference (no./year) Compliance rating	Asset System Deficiency (AMS Component/Effectiveness Criteria/Details)	Auditor's Recommendation	Management Action taken by end of audit period
	Nil		

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### **3.7 Conclusion**

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

The assets are as described in section 3.1 with no major changes over the review period.

Through the execution of the Review Plan and assessment and testing of the control environment, the information system, control procedures and compliance attitude, the audit team members have gained reasonable assurance that Robe River:

- a) has established an adequate control environment for ongoing compliance in respect of the asset management system.

For the review period from 9 April 2015 to 30 April 2017, both the potable water and sewer systems servicing the Pannawonica township, under Water Services Licence WL45 are considered to be run with a professional and comprehensive approach. There were no recommended improvements.

Overall, the water supply scheme and wastewater treatment system are assessed as being well established, well maintained and in good working order.

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## Appendix A - Methodology

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### A1. Audit and Review Approach

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

#### **Audit and Review Planning**

- ) Contact Robe River to gain an understanding of the business, relevant management plans, systems, and any changes that may affect the risk assessment for planning purposes.
- ) Complete the risk assessment to determine an audit priority for each licence compliance obligation and each asset management system component (in tabular form against each licence condition and asset management system component).
- ) Submit a draft Audit and Review Plan, including the risk assessment and proposed approach, to the ERA for review and approval.
- ) Send a Pre-Visit Checklist of information and documentation required to Robe River to enable staff to prepare for the visit.

#### **Fieldwork**

- ) Visit the Perth Operations Centre to inspect the records kept.
- ) Visit the Robe River office and the wastewater treatment facilities and potable water supply assets in the township of Pannawonica operating area in the Pilbara. Both the auditor and our contracted Engineer will visit the Robe River site to inspect the facilities and records kept. Conduct various meetings with stakeholders, including corporate services and works/facilities management personnel, to determine the effectiveness of systems and procedures in place and to compare actual performance against the licence standards.
- ) Obtain copies of the latest asset management plan, performance reporting statistics and relevant correspondence between the licensee and the ERA for the audit period.

The audit steps for the **Operational Audit** included:

- ) analysis of documented procedures to assess whether they are consistent with regulatory requirements or arrangements under the licence;
- ) review the systems and procedures to assess whether they reflect compliance obligations and performance standards, including assessing and testing the following:
  - o **control environment** – management’s philosophy and operating style, organisational structure, assignment of ERA and responsibilities, the use of internal audit, the use of information technology and the skills and experience of the key staff members;
  - o **information system** – the appropriateness of the information systems to record the information needed to comply with the licence, accuracy of data, security of data and documentation describing the information system;
  - o **control procedures** – the presence of systems and procedures to monitor compliance with the licence or the effectiveness of the asset management system and to detect and correct non-compliance or under-performance;

- **compliance attitude** - the action taken by the licensee in response to the previous audit/review recommendations, and an assessment of management's attitude towards compliance; and
  - **outcome compliance** – the actual performance against standards prescribed in the licence throughout the audit period.
- )] Update the risk assessment with any new information obtained in the course of the audit testing and, in instances of significant non-compliance, assess the licensee's plan to ensure compliance and recommend any further improvements to achieve compliance.

The activities in the **Asset Management System Effectiveness Review** included:

- )] analyse the documented procedures and processes for the planning, construction, operation and maintenance of assets to assess whether they are consistent with regulatory requirements under the licence;
- )] interview key personnel to assess whether they understand and comply with the documented processes and procedures;
- )] physically inspect the potable water supply system assets, waste water treatment plant and other accessible assets; and
- )] assess the effectiveness of the processes and system in place.

#### ***Audit and Review Reporting***

- )] Prior to the conclusion of the site visits, the lead auditor will discuss any observations and recommendations with the licensee's management to confirm our understanding of the issues and to discuss the action to be taken.
- )] Provide a draft report to the ERA for review no later than two weeks before the final report is due and make any revisions necessary.
- )] Provide the updated draft report to the ERA for review and feedback prior to finalising the report.
- )] Issue the final report to the ERA.
- )] The ERA will contact Robe River for the Post Audit Implementation Plan after the report is finalised.

The audit report will comply with the format prescribed in section 11 of the Audit and Review Guidelines: Water Licences – July 2014.

## **A2. Key Documents and Information Sources**

### ***Regulatory Documents and Reports***

- )] Audit and Review Guidelines: Water Licences – July 2014
- )] Water Compliance Reporting Manual – July 2016
- )] Robe River Mining Co Pty Ltd – Water Services Operating Licence WL45 – Version 1 (9 April 2015 to 31 June 2016) and WL45 Version 2 (1 July 2016 onwards)
- )] Map of Licence Operating Area OWR-OA-308
- )] Compliance reports to the ERA –2014/15 and 2015/16
- )] Performance reports to the ERA – 2014/15 and 2015/16
- )] Pannawonica Groundwater Operating Strategy
- )] Correspondence with Department of Health re the Memorandum of Understanding between the Department of Health and Robe River on Drinking Water quality (not yet completed);
- )] Energy & Water Ombudsman: membership;
- )] Department of Water: Drinking water source protection plan;

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- ) Relevant correspondence between the Licensee and the ERA, Department of Environment and Department of Health (as applicable).

***Scheme Information and Procedures***

- ) Robe River Water Compliance Reporting Manual - list of all compliance obligations
- ) Pilbara electricity and water services – Policies
- ) Compliance Officers (Water) - internal guidelines procedure
- ) Certificates of Designation – Compliance Officers (Water) (3)
- ) Core Services – SWP Water Services Act 2012 requirements – Working at premises and in roads procedure
- ) Core Services – SWP Water Services Act 2012 requirements – Major and general works procedure
- ) Utilities Division – Complaint Dispute Resolution Policy and form
- ) Core Services Customer Complaints Resolution Guideline
- ) Robe River Mining - Financial Hardship and Payment Difficulty Policy

***Asset Management System***

- ) Asset Management Improvement Plan for Water and Wastewater Asset Management (2017 Issue E Rev K V2).
- ) Asset Management System Overview 2017 V2
- ) Rio Tinto Iron Ore Core Services Asset Register – Towns
- ) Standard Work Procedures (various)
- ) Rio Tinto Group Audit & Assurance Report – Pilbara Iron – Towns Drinking Water Quality Management report – 9 June 2016
- ) Core Services – Risk Register (Water Asset) – May 2017
- ) Iron Ore (WA) Business Continuity Plan – Water Infrastructure and Supply
- ) Site Reliability Plans (Pannawonica water and wastewater 19/10/2016).
- ) Asset Maintenance Procedure EP-A005
- ) Asset management tactics (GN-A029).
- ) Bushfire Risk Management HSE-0136457
- ) Cyclone Management HSE-0127586
- ) Chlorine Management Plan and Unplanned Effluent Release Plans for Pannawonica

***Robe River Planning and Financial Information***

- ) Robe River Financial Reports for the years ended 31 December 2015 and 31 December 2016
- ) Robe River – Core Services – Capital Budget – Robe Water and Sewer Upgrades (2017-2022)
- ) Rio Tinto Iron Ore Core Services – Capital Plan 2017 – 2021 – Water and Wastewater

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### **A3. Licensee's Representatives**

Robe River's primary contacts were:

- ) Tracey Hornsey – Manager Major Projects
- ) Karyn McDougall - Compliance Advisor – Core Services
- ) Neil Kearney – Specialist Engineer Water
- ) Heath Bennett – Principal Advisor Water
- ) Shane Balch – Principal Advisor Risk and Compliance
- ) Darren Brandli – Specialist Water Operations
- ) Jason Edwards – Superintendent Hydrocarbons and Water
- ) Kate Forrest – Advisor Environment
- ) Andy Pezzali – Superintendent Robe Valley
- ) Shannon Dremel – Technical Advisor Water.

### **A4. Audit and Review Team and Hours**

NAME AND POSITION	HOURS
Geoff White – Director	15
David Wills – Principal Consulting Engineer	5
Andrea Stefkova – Assistant Manager	40
Paul Ivkovic – Senior Consulting Engineer	30
TOTAL	90

END OF REPORT