

BHP Iron Ore Pty Ltd

2023 Operational Audit and Asset Management System Review Water Services Licence WL53

Report

**Economic Regulation Authority
November 2023**

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Quantum Management Consulting and Assurance

ABN 83 083 848 168 Liability limited by a scheme approved under Professional Services Legislation

Level 28 AMP Tower, 140 St Georges Terrace, Perth **M.** PO Box 6882, East Perth WA 6892

T. 08 9278 2570 **F.** 08 9278 2571

E. mail@quantumassurance.com.au **W.** www.quantumassurance.com.au

Limitations of this Report

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

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

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1. Independent Auditor's Report

Scope

BHP Iron Ore Pty Ltd ('BHP Iron Ore') has a Water Services Licence, issued by the Economic Regulation Authority ('ERA') under the *Water Services Act 2012* ('Act'), for the potable water supply to the Water Corporation under a Memorandum of Agreement for distribution to the Newman township. BHP Iron Ore also provides potable water services to the Water Corporation for supply to Newman Township and commercial customers in the Mine Services Industrial Area, Alinta Energy and Yarnima Power Stations and the Shire of East Pilbara WWTP that are all essential to ensure the maintenance of a workforce for the Newman mining operations.

We have performed a reasonable assurance engagement on BHP Iron Ore's compliance, in all material respects, with the conditions of WL53 and the *Water Services Act 2012* for the period from commencement of the licence on 2 June 2021 to 30 June 2023.

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

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

Modified Opinion

In our opinion, based on the procedures performed as outlined in the Audit Plan approved by the Economic Regulation Authority and the evidence we have obtained, except for the effects of the matters described in the Basis for Modified Opinion paragraph below, BHP Iron Ore has complied, in all material respects, with its licence conditions and relevant legislative obligations for the period 2 June 2021 to 30 June 2023.

Basis for Modified Opinion

During the period from commencement of the licence on 2 June 2021 to 30 June 2023, out of 191 applicable licence obligations, there was one non-compliance with a minor impact on customers, as follows:

Reporting Manual number and Licence condition	Issue
<i>The following obligation was assessed as "Non-Compliant – Minor Impact".</i>	
22	<p><i>If the licensee provides water supply reticulation works or enters into an agreement for the provision of water supply reticulation works, the licensee must install fire hydrants attached to those works in accordance with the requirements of FESA, or the relevant local government as to the location and type of hydrant.</i></p> <p>As noted in the Compliance Report to ERA for 2021/22, the existing hydrants in the Mine Industrial Area (MIA) of Newman do not comply with Water Corporation's Standard DS-63 spacing requirements. To comply with Water Corporation's Standard DS-63, 5 additional fire hydrants are required in the licence area. BHP Iron Ore is currently developing a detailed design and location plan for the installation of the new hydrants. The Superintendent Water – Operational Technical and Compliance Installation advised that the installation is due to be completed prior to 30 June 2024.</p>

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

In accordance with ASAE 3100 we have:

- Performed a reasonable assurance engagement.

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

Summary of Procedures

Our procedures consisted primarily of:

- Utilising ERA's 2019 Audit and Review Guidelines: Water Licences ('the Guidelines') to develop a risk assessment;
- Developing an Audit and Review Plan and an associated work program, approved by the ERA on 23 August 2023;
- Interviewing relevant BHP Iron Ore staff to gain an understanding of process controls;
- Onsite visit to the water treatment facilities in Newman, and conducting various meetings with stakeholders, including corporate services and works/facilities management personnel, to determine the effectiveness of systems and procedures in place and to compare actual performance against the licence standards. The on-site visit included our Principal Engineer.
- Assessing documents and performing walkthroughs of processes and controls to support the assessment of compliance and the effectiveness of the control environment in accordance with Licence obligations; and
- Performing procedures and testing based on the procedures listed in the approved Audit and Review Plan.

How We Define Reasonable Assurance and Material Non-Compliance

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

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

Inherent Limitations

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

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

Use of this Assurance Report

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

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

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

Management's responsibility

BHP Iron Ore's management are responsible for:

- The compliance activities undertaken to meet the requirements of the Licence;
- Identifying risks that threaten the compliance requirements identified above being met and identifying, designing and implementing controls to enable the compliance requirements to be met and, monitoring ongoing compliance;

- Ensuring that it has complied in all material respects with the requirements of the Licence;
- Establishing and maintaining an effective system of internal control over its systems designed to achieve its compliance with the Licence requirements;
- Implementing processes for assessing its compliance requirements and for reporting its level of compliance to the ERA; and
- Implementing corrective actions for instances of non-compliance (if any).

Our responsibility

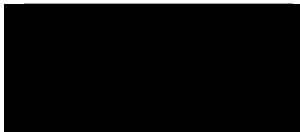
Our responsibility is to perform a reasonable assurance engagement in relation to BHP Iron Ore's compliance with its License requirements throughout the period and to issue an assurance report that includes our conclusion.

Our Independence and Quality Control

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

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

Quantum Assurance



Geoff White CA
Director

29 November 2023

2. Executive Summary

2.1 Background

BHP Iron Ore Pty Ltd ('BHP Iron Ore') has a Water Services Licence, issued by the Economic Regulation Authority ('ERA') under the *Water Services Act 2012* ('Act'), for the potable water supply to the Water Corporation under a Memorandum of Agreement for distribution to the Newman township and supply to 9 commercial customers in the mining area surrounding Newman. BHP Iron Ore does not supply potable water to residential customers (small use customers) in Newman as this is the responsibility of the Water Corporation. BHP Iron Ore owns and operates the potable water infrastructure that supplies drinking water to Water Corporation.

The commercial customers have Service Level Agreements (SLAs') with BHP Iron Ore to supply water. The SLA's state that BHP Iron Ore will use its best endeavours to supply drinking quality water but does not guarantee the quality of the water.

This audit and review cover the period from commencement of the licence on 2 June 2021 to 30 June 2023.

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

2.2 Operational Audit

This audit has been conducted to assess the licensee's level of compliance with the conditions of its licence (WL53).

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 BHP Iron Ore has complied with its Water Services Licence obligations during the audit period from 2 June 2021 to 30 June 2023 with the exception of one obligation rated as non-compliant with minor impact on customers.

Out of 191 applicable compliance obligations, the audit found:

- 24 obligations were rated compliant (19 with adequate controls and 5 with controls not reviewed).
- 1 obligation was rated non-compliant with minor impact (with adequate controls).
- 166 obligations were not rated for compliance, as no relevant activity took place during the audit period (20 with adequate controls and 146 where controls were not reviewed).

The audit confirmed that BHP Iron Ore has complied with its information reporting obligations for the period 2 June 2021 to 30 June 2023.

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

There was one recommendation to, as planned, complete the installation of 5 additional fire hydrants in the Mine Industrial Area of Newman to comply with Water Corporation's Standard DS-63 spacing requirements prior to the end of the 2023/24 financial year. This has no impact on customers.

2.3 Asset Management System Review

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

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

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

For the review period from 2 June 2021 to 30 June 2023, the potable water supply services provided under Water Services Licence WL53 are considered to be operated with a professional and comprehensive approach.

Overall, the water supply services are assessed as being well constructed, well maintained and in good working order.

Out of 58 effectiveness criteria for the asset management system, the review found that all 58 criteria were rated as performing effectively, with adequately defined processes. There were no recommendations.

3. Operational Audit

3.1 Introduction

BHP Iron Ore Pty Ltd ('BHP Iron Ore') has a Water Services Licence, issued by the Economic Regulation Authority ('ERA') under the *Water Services Act 2012* ('Act'), for the potable water supply to the Water Corporation under a Memorandum of Agreement for distribution to the Newman township and supply to 9 commercial customers in the mining area surrounding Newman. BHP Iron Ore does not supply potable water to residential customers (small use customers) in Newman as this is the responsibility of the Water Corporation.

The commercial customers have Service Level Agreements (SLAs) with BHP Iron Ore to supply water. The SLAs state that BHP Iron Ore will use its best endeavours to supply drinking quality water but this is not guaranteed.

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

The ERA engaged Quantum Management Consulting and Assurance ('Quantum Assurance') to complete an audit and review of BHP Iron Ore's water supply and sewerage services, to comply with the licensing requirements of the ERA.

This audit and review covers the period from commencement of the licence on 2 June 2021 to 30 June 2023.

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

3.2 Objectives and Scope

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

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

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

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

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

As this is the first audit, this was a reasonable assurance engagement.

The highest priority areas (priority 1, 2 or 3) based on inherent risk were:

- Cut off water supply to occupied dwelling (obligation 21).
- Install fire hydrants in accordance with FESA requirements (obligation 22)
- Preserved water supply register and restrictions on reduced supply (obligations 154B, 154C and 154D).

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

3.3 Audit Compliance and Controls Rating Scale

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

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

The compliance rating was assessed using the residual risk ratings ('impact') as outlined below.

Potential Impact on Customers or Third Parties

Category	Description
Major	Classified on the basis that: <ul style="list-style-type: none"> • The consequences of non-compliance would cause major damage, loss or disruption to customers; or • The consequences of non-compliance would endanger or threaten to endanger the safety or health of a person.
Moderate	Classified on the basis that: <ul style="list-style-type: none"> • The consequences of non-compliance impact the efficiency and effectiveness of the licensee's operations or service provision but do not cause major damage, loss or disruption to customers; or • The regulatory obligation is not otherwise classified as Type 1 or Type NR non-compliance (for reporting purposes).
Minor	<ul style="list-style-type: none"> • The consequences of non-compliance are relatively minor – i.e., non-compliance will have minimal effect on the licensee's operations or service provision and will not cause damage, loss or disruption to customers; or • Compliance with the obligation is immeasurable; or • The non-compliance is required to be reported to the Regulator under another instrument, guideline or code; or • The non-compliance is identified by a party other than the licensee; or • The licensee only needs to use its reasonable endeavours or best endeavours to achieve compliance, or the obligation does not otherwise impose a firm obligation on the licensee.

Reference: Water Compliance Reporting Manual 2021

3.4 Summary of Audit Ratings of Controls and Compliance

The current audit assessment of the ratings for the adequacy of controls and compliance with the 182 applicable legislative obligations is shown below in the summary table and detailed obligations table.

Summary of Audit Ratings of Control and Compliance

Controls rating	Compliance Rating						Total	
	Rating	1 Compliant	2 Non-compliant (minor impact)	3 Non-compliant (moderate impact)	4 Non-compliant (major impact)	NR Not rated		
	A - Adequate	19	1	-	-	20		40
	B – Generally adequate	-	-	-	-	-		-
	C - Inadequate	-	-	-	-	-		-
	D – No controls	-	-	-	-	-		-
	NP – Not performed	5	-	-	-	146		151
Total	24	1	-	-	166	191		

Detailed Audit Ratings of Controls and Compliance by Obligation

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

No. ¹	Brief Description	Legislative Reference	Audit Priority applied (rated 1 = High to 5 = Low)	Adequacy of Controls Rating ² (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating (1=Compliant, 2=Non-compliant - minor impact, 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated)				
				A	B	C	D	NP	1	2	3	4	NR
Water Services Act 2012													
2	Terms of service	Sec. 21(1)(b)	4	✓								✓	
3	Provision of services	Sec. 21(1) (c)	4	✓					✓				
4	Operating area	Sec. 22	4	✓								✓	
5	Outsourcing of services	Sec. 23	4	✓					✓				
6	Asset management system	Sec. 24(1)(a) & 24(2)	4	✓					✓				
8	Asset management system review	Sec. 24(1)(c)	4	✓					✓				
9	Operational audit	Sec. 25	4	✓					✓				
10	Code of practice	Sec. 26(3)	4					✓				✓	
13	Termination of service	Sec. 36	4					✓				✓	
14	Supplier of last resort	Sec. 60	4					✓				✓	

¹ The number refers to the Obligation reference in the Water Compliance Reporting Manual 2021.

² Refer Controls and Compliance Rating Scales in Section 3.3.

No. ¹	Brief Description	Legislative Reference	Audit Priority applied (rated 1 = High to 5 = Low)	Adequacy of Controls Rating ² (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating (1=Compliant, 2=Non-compliant - minor impact, 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated)				
				A	B	C	D	NP	1	2	3	4	NR
15	Ombudsman scheme	Sec. 70(2)	4					✓					✓
16	Interruption of water supplies	Sec. 77(3)	4	✓					✓				
17	Notification of building works	Sec. 82(4) & (5)	4					✓					✓
18	Ensuring water service works are done	Sec. 84(2)	4					✓					✓
19	Review of decisions	Sec. 87(2)	4					✓					✓
20	Construction near water service works	Sec. 90(7)	4					✓					✓
21	Cut off water supply	Sec. 95(3)	2	✓									✓
22	Fire hydrants for reticulation works	Sec. 96(1)	4	✓						✓			
23	Requests from FESA or local government	Sec. 96(5)	4					✓					✓
24	Connect wastewater inlet	Sec. 98(3)	4					✓					✓
25	Compliance notice re sewerage	Sec. 106(2)	4					✓					✓
28	Compliance notice issued by licensee re building works	Sec. 119(2)	4					✓					✓
29	Review of decisions	Sec. 122(2)	4					✓					✓
30	Apportionment of fees between properties	Sec. 125(2)	4					✓					✓
31	Lodging memorial to secure fees owing	Sec. 128(4)	4					✓					✓
32	Notice to property owner - entry	Sec. 129(5)	4	✓					✓				
33	Notice to property owner – removal of fence	Sec. 139(3)	4					✓					✓
34	Notice to roads authority	Sec. 141(1)	4					✓					✓
35 36 37 38 39	Proposal for major works	Sec. 142, 143(2) &(3), 144(3), 145(2)	4					✓					✓
40 41	Proposal for general works – Minister notices	Sec. 147(3) & (4)	4					✓					✓
42 43 44 45	Proposal for general works	Sec. 151(1) - (3), 153(3),	4	✓									✓
46	Interest in land	Sec. 166(5) - (6), 170	4					✓					✓

No. ¹	Brief Description	Legislative Reference	Audit Priority applied (rated 1 = High to 5 = Low)	Adequacy of Controls Rating ² (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating (1=Compliant, 2=Non-compliant - minor impact, 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated)					
				A	B	C	D	NP	1	2	3	4	NR	
47 48														
49 50	Notice of entry to property and authority to enter	Sec. 173(4) & 174 (1)	4	✓										✓
51	Notice of entry after entry without notice	Sec. 174 (3)	4	✓										✓
52 53 54 55 56 57	Notice of entry to property and authority to enter	Sec. 175(2) & (5), 176(1), (3) & (4) 181	4	✓										✓
58 59 60 61	Warrant to enter property	Sec. 186, 187(1) - (3), 190(4) - (5)	4					✓						✓
62	Compliance Officer	Sec. 210(5)	4					✓						✓
63	Minimum disruption	Sec. 218(2)	4					✓						✓
64	Physical damage	Sec. 218(3)	4					✓						✓
Water Services Regulations 2013														
65	Meter testing – multi-unit	Reg. 23(2)	4					✓						✓
66	Meter testing - compliance	Reg. 24(4)	4					✓						✓
67	Meter access - compliance	Reg. 26(3)	4					✓						✓
68	Meter testing tolerance	Reg. 26(5)	4					✓						✓
69	Lot development	Reg. 29(1)	4					✓						✓
70 71 72	Backflow prevention devices	Reg. 42(2), 43(3), 43(6).	4					✓						✓
74	Work affecting roads	Reg. 60(2)	4					✓						✓
75	Breaks to road surface	Reg. 63	4					✓						✓
88A	Water efficiency management plan	Reg. 80H	4					✓						✓
89	Compliance notice information	Reg. 85	4					✓						✓
Water Services Code of Conduct (Customer Service Standards) 2018														
92	Information for customers	Cl. 8(1)-(3)	4					✓						✓
93	Service connections period	Cl. 9(2) & (4)	4					✓						✓
94	Annual service charges	Cl. 10(2)	4					✓						✓

No. ¹	Brief Description	Legislative Reference	Audit Priority applied (rated 1 = High to 5 = Low)	Adequacy of Controls Rating ² (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating (1=Compliant, 2=Non-compliant - minor impact, 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated)					
				A	B	C	D	NP	1	2	3	4	NR	
95 96	Usage bills at least 4 monthly	Cl.11(2) & (3)	4					✓						✓
98	Estimated Bill of Usage	Cl. 11(5)	4					✓						✓
98A	Estimated Bill at least every 12 months	Cl. 11(6)	4					✓						✓
99	Address for billing	Cl. 12	4					✓						✓
100	Billing information	Cl. 13(1)	4					✓						✓
100A	Billing information – more than one service	Cl. 13(3)	4					✓						✓
101	Billing information - usage	Cl. 13(4)	4					✓						✓
101A	Billing information - estimate	Cl. 13(5)	4					✓						✓
102A	Billing information – prescribed information	Cl. 13(6)	4					✓						✓
103 104	Basic of billing estimate	Cl. 14(1) & (2)	4					✓						✓
104A	Tariff information	Cl. 15(3)	4					✓						✓
105	Request for meter reading	Cl. 16(1)	4					✓						✓
106	Higher than normal charge	Cl. 17(2) & (3)	4					✓						✓
107 108 109 110	Under and over charges	Cl. 18(2) - (5).	4					✓						✓
111A	Over charges - refunds	Cl. 19(2)	4					✓						✓
112A 112B 112C	Over charges - refunds	Cl. 19(3)-(5)	4					✓						✓
113	Review of bill upon request	Cl. 20(1)	4					✓						✓
114	Review of bill procedure – written procedure	Cl. 20(2)	4					✓						✓
115	Review of bill procedure – information	Cl. 20(3) & (6)	4					✓						✓
116	Review of bill procedure – ombudsman	Cl. 20(4)	4					✓						✓
117	Review of bill procedure – timeframe	Cl. 20(5)	4					✓						✓
117A	Notification of change in water service charge	Cl. 21	4					✓						✓
118	At least 14 days for payment	Cl 23	4					✓						✓

No. ¹	Brief Description	Legislative Reference	Audit Priority applied (rated 1 = High to 5 = Low)	Adequacy of Controls Rating ² (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating (1=Compliant, 2=Non-compliant - minor impact, 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated)					
				A	B	C	D	NP	1	2	3	4	NR	
119	Payment methods - options	Cl. 24(1)	4					✓						✓
120	Payment methods - fees	Cl. 24(2)	4					✓						✓
121	Payment methods- direct debit authority	Cl. 25(1)	4					✓						✓
122	Payment in advance	Cl. 26(1)	4					✓						✓
123	Redirection of bills	Cl. 27	4					✓						✓
124A 124B 124C	Payment plan	Cl. 28(2), (3) & (4).	4					✓						✓
125 126A 126B 127	Financial hardship policy	Cl. 29(1) - (5)	4					✓						✓
128	Financial hardship policy - publicly available	Cl. 29(6)	4					✓						✓
129A	Financial hardship policy – review	Cl. 29(7)	4					✓						✓
129B	Financial hardship policy – review if directed	Cl. 29(8)	4					✓						✓
129C	Financial hardship – payment variations	Cl. 29(9)	4					✓						✓
130A 130B 131A 131B 131C	Financial hardship – payment variations	Cl. 30(2) & (3), 30(4)(a)-(c)	4					✓						✓
133	Written information re payment assistance	Cl. 31 (4) & (5)	4					✓						✓
133A	No interest in some circumstances	Cl. 32	4					✓						✓
134	Debt recovery - complaint	Cl. 33(1)(a) – (c)	4					✓						✓
134A	Debt recovery – payment plan	Cl. 33(1)(d) – (e)	4					✓						✓
135 136	Restoring water supply	Cl. 40(1) & (2)	4					✓						✓
137A 137B 137C 138 138A 138B	Water supply restriction	Cl. 36(1)-(3), 37(1)(a)-(h) & 38	4					✓						✓
139	Rate of flow	Cl. 39	4					✓						✓
142	Restoring water supply	Cl. 41(4)	4					✓						✓
144	Compliance rate	Cl. 41(6)	4					✓						✓

No. ¹	Brief Description	Legislative Reference	Audit Priority applied (rated 1 = High to 5 = Low)	Adequacy of Controls Rating ² (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating (1=Compliant, 2=Non-compliant - minor impact, 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated)					
				A	B	C	D	NP	1	2	3	4	NR	
144A 144B	Notice of planned service interruptions	Cl. 43(1)-(2)	4	✓										✓
144C 144D	Policy for dealing with leaks and blockages	Cl. 44(1) - (2)	4	✓						✓				
144E	24 hour information line	Cl. 45	4	✓						✓				
145 146	Complaints procedure - written	Cl. 46(1) - (2)	4	✓						✓				
147	Complaints procedure - details	Cl. 46(3)	4	✓						✓				
148A	Complaints procedure - Ombudsman	Cl. 46(4)	4					✓						✓
149	Complaints procedure publicly available	Cl. 46(5)	4					✓						✓
149A	Resolution of complaints	Cl. 47	4					✓						✓
150	No charge for information	Cl. 48(1)	4					✓						✓
152	Access to customer information	Cl. 48(2)	4					✓						✓
153	Code of Conduct publicly available in hardcopy and on website	Cl. 49(1)	4					✓						✓
154	Bill information on website	Cl. 49 (2)	4					✓						✓
154A	Link to WA website	Cl. 49(3)	4					✓						✓
154B	Preserved supply register	Cl. 51(1),(3)	2					✓						✓
154C 154D	Preserved supply register	Cl. 52 & 53	2					✓						✓
Licence Conditions – Specific Clauses														
155	Fees to regulator	Cl. 4.2.1	4	✓						✓				
159	Direction from ERA	Cl. 4.1.2	4					✓						✓
160	Compliance with Accounting Standards	Cl. 4.6.1	4	✓						✓				
161	Compliance with performance standards	Cl. 5.2.1	4	✓						✓				
162	Operational audit	Cl. 5.3.4	4	✓						✓				
163	External administration	Cl. 4.7.1(a)-(c)	4					✓						✓
165	Provision of information to ERA	Cl. 4.8.1	4	✓						✓				

No. ¹	Brief Description	Legislative Reference	Audit Priority applied (rated 1 = High to 5 = Low)	Adequacy of Controls Rating ² (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating (1=Compliant, 2=Non-compliant - minor impact, 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated)				
				A	B	C	D	NP	1	2	3	4	NR
167	Performance reporting to ERA	Cl. 4.8.2	4					✓	✓				
168	Publishing information	Cl. 3.8.1 & 3.8.2	4					✓					✓
169	Notices in writing	Cl. 3.7.1	4					✓	✓				
170A	Notify ERA of asset management system (AMS)	Cl. 5.1.1 (a) & (b)	4					✓	✓				
171	Notify ERA of material change to AMS	Cl. 5.1.3	4	✓									✓
172	AMS review	Cl. 5.1.7	4	✓					✓				
172A 172B	ERA direction re condition of service	Cl. 6.1.1-6.1.2	4					✓					✓
181	Obligations of supplier of last resort	Cl. 6.3.1	4					✓					✓
182	No services outside operating area	Cl. 4.4.1(b)	4	✓									✓
184	MOU with Department of Health (water)	Cl. 7.1.1	4					✓	✓				
184A	MOU with Department of Health (sewerage)	Cl. 7.1.2 7.1.3	4					✓					✓
184B	MOU with Department of Health (water separate to sewerage)	Cl. 7.1.3	4					✓					✓
185	MOU legal compliance	Cl. 7.1.4	4					✓	✓				
186	MOU compliance	Cl. 7.1.5	4					✓					✓
187	MOU published	Cl. 7.1.6	4					✓					✓
188	MOU - audit reports published	Cl. 7.1.7	4					✓					✓
189	MOU – other reports published	Cl. 7.1.8	4					✓					✓
190	Service and performance standards	Schedule 2	4	✓					✓				
Water Services Code of Practice (Family Violence) 2020													
191	Family violence policy (191 to 198 from March 2021)	Cl. 5(1)	4					✓					✓
192	Family violence policy before the end of the six-month period	Cl. 5(2)	4					✓					✓
193	Publish family violence policy on website	Cl. 6	4					✓					✓
194	Review of family violence policy once every 5-year period	Cl. 7	4					✓					✓

No. ¹	Brief Description	Legislative Reference	Audit Priority applied (rated 1 = High to 5 = Low)	Adequacy of Controls Rating ² (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating (1=Compliant, 2=Non-compliant - minor impact, 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated)				
				A	B	C	D	NP	1	2	3	4	NR
195	Records of compliance with this code	Cl. 8(1)	4					✓					✓
196	Retain records for at least 7 years	Cl. 8(2)	4					✓					✓
197	Inform customers of complaints procedure	Cl. 9	4					✓					✓
198	Website link to current copy of this Code	Cl. 10	4					✓					✓

3.5 Detailed Audit Observations

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
Water Services Act 2012							
2	Section 21(1)(b)	Clause 4.3.1(b)	The licensee must if requested, offer to provide the water service authorised by the licence to any other person (not covered by section 21(1)(a) of the Act) within the operating area of the licence on reasonable terms, unless provision of the service is not financially viable or is otherwise not practicable.	4	The Water Operations Specialist – Portfolio NPI / Water OTC Team ('Water Operations Specialist') confirmed that there were no new connections in the audit period. This obligation is documented in the Newman Water Supply System – Asset Management Plan – Technical Process Instruction ('Asset Management Plan').	A	NR
3	Section 21(1)(c)	Clauses 4.1.1	The licensee must provide, operate and maintain the water service works specified by the ERA in the licence for the purpose of section 11(3).	4	The operation and maintenance of the potable water service was confirmed by this audit. This obligation is documented in the Asset Management Plan.	A	1
4	Section 22	Clause 4.4.1(a)	The licensee must notify the ERA as soon as practicable before commencing to provide the water service outside of the operating area of the licence.	4	The auditor confirmed with the Superintendent Water – Operational Technical and Compliance and by site observation that the licensee does not provide any services outside of the operating areas set out in Plan Number OWR-OA-319 and OWR-OA-320. This obligation is documented in the Asset Management Plan.	A	NR

³ The number refers to the item reference in the Water Compliance Reporting Manual 2021.

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

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

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

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
5	Section 23	Clause 4.5.1	All water service works used by the licensee in the provision of a water service must be held by the licensee or must be covered by a works holding arrangement.	4	The auditor confirmed with the Water Operations Specialist, onsite interviews and review of the Asset Management Plans that the water service assets are owned or operated by BHP Iron Ore. This obligation is documented in the Asset Management Plan.	A	1
6	Sections 24(1)(a) & 24(2)	Clause 5.1.1	The licensee must provide for an asset management system in respect of the licensee's water service works.	4	This audit confirmed the licensee has an asset management system. This obligation is documented in the Asset Management Plan.	A	1
8	Section 24(1)(c)	Clause 5.1.4	A licensee must provide the ERA with a report by an independent expert as to the effectiveness of its asset management system every 24 months, or such longer period as determined by the ERA.	4	This is the first review and is being completed as required by the ERA. This obligation is documented in the Asset Management Plan.	A	1
9	Section 25	Clause 5.3.1	A licensee must, not less than once every 24 months, or such longer period as determined by the ERA, provide the ERA with an operational audit conducted by an independent expert appointed by the ERA.	4	This is the first audit since the licence was issued by the ERA in June 2021. This obligation is documented in the Asset Management Plan.	A	1
10	Section 26(3)	Clause 4.1.1	The licensee must comply with each code of practice made by the Minister to the extent to which it applies to the licensee.	4	The auditor confirmed there have been no codes of practice issued by the Minister.	NP	NR
13	Section 36	Clause 4.1.1	If the licensee ceases to provide a water service in an area, the licensee must ensure that the water service works are left in a safe condition and must not	4	The auditor confirmed with the Water Operations Specialist and field observation that the licensee did not cease to provide a water service in the area.	NP	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
			remove any part of the works except with the approval of the Minister.				
14	Section 60	Clause 6.3.1	If the licensee is the supplier of last resort for a designated area in relation to the provision of a particular water service, the licensee must perform the functions of the supplier of last resort and must comply with the relevant duties and carry out the relevant operations prescribed.	4	The auditor confirmed with the Water Operations Specialist that BHP Iron Ore is not a supplier of last resort. There is also no appointment in the licence.	NP	NR
15	Section 70(2)	Clause 6.2.1	The licensee must not supply water services to customers unless the licensee: <ul style="list-style-type: none"> • is a member of the water services ombudsman scheme; and • is bound by the scheme; and • will comply with any decision or direction of the water services ombudsman under the scheme. 	4	This obligation is not rated as BHP Iron Ore does not supply drinking water to customers covered by the water services ombudsman scheme.	NP	NR
16	Section 77(3)	Clause 4.1.1	The licensee must take reasonable steps to minimise the extent or duration of any interruption of water services it is responsible for.	4	BHP Iron Ore has ensured that the supply of water services has been maintained and the occurrence and duration of interruptions has been kept to a minimum. As reported in the Performance Reports for 2020/21 and 2021/22 to the ERA, there were no interruptions affecting the potable water supply to Water Corporation or to other commercial customers. The control is the Newman Drinking Water Incident Response Plan.	A	1

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
17	Sections 82(4) & (5)	Clause 4.1.1	If a person must give the licensee notice of any building work to be carried out on land in the operating area of a license, the licensee must return a copy of the plans and specifications contained in the notice with any written directions about the proposed building work that the licensee considers necessary to ensure the safety and efficacy of the provision of water services provided, or to be provided. The licensee must do this within 7 days of receiving the fee for dealing with the notification.	4	The auditor confirmed with the Water Operations Specialist that no notices were given in the audit period for any additional water service works.	NP	NR
18	Section 84(2)	Clause 4.1.1	If the licensee has given a notice under section 83(3)(a) of the Act, and the licensee is satisfied that the person given the notice is not going to comply with the notice within a reasonable time, the licensee must give the person 21 days' notice of its intention to commence the works.	4	As per obligation 17 above.	NP	NR
19	Section 87(2)	Clause 4.1.1	If a person makes an application with the State Administrative Tribunal for a review of a decision in respect of the licensee providing additional water services when a person has not responded to the licensee's notice, the licensee cannot provide the works until the application has been finally dealt with, except in limited circumstances.	4	As per obligation 17 above.	NP	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
20	Section 90(7)	Clause 4.1.1	If the licensee gives a compliance notice to a person who is undertaking construction or carrying out similar works in the vicinity of water service works, the licensee must, to the extent practicable, consult with the owner of the land on which the obstruction is located or the activity is taking place if the person to be given the notice is not the owner of the land.	4	As per obligation 17 above.	NP	NR
21	Section 95(3)	Clause 4.1.1	The licensee cannot cut off the supply of water to an occupied dwelling unless the occupier agrees to that.	2	The auditor confirmed with the Water Operations Specialist that, during the audit period, the licensee did not cut off the supply of water to Water Corporation or commercial customers. The policy is to not cut off the water supply. This obligation is documented in the Memorandum of Understanding with the Water Corporation.	A	NR
22	Section 96(1)	Clause 4.1.1	If the licensee provides water supply reticulation works or enters into an agreement for the provision of water supply reticulation works, the licensee must install fire hydrants attached to those works in accordance with the requirements of FESA, or the relevant local government as to the location and type of hydrant.	3	As noted in the Compliance Report to ERA for 2021/22, the existing hydrants in the Mine Industrial Area (MIA) of Newman do not comply with Water Corporation's Standard DS-63 spacing requirements. To comply with Water Corporation's Standard DS-63, 5 additional fire hydrants are required in the licence area. BHP Iron Ore is currently developing a detailed design and location plan for the installation of the new hydrants. The Superintendent Water – Operational Technical and Compliance advised that the installation is due to be completed prior to 30 June 2024. This is considered a minor non-compliance and has no effect on customers.	A	2

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
					<i>Recommendation 1/2023</i> As planned, BHP Iron Ore should complete the installation of 5 additional fire hydrants in the Mine Industrial Area of Newman to comply with Water Corporation's Standard DS-63 spacing requirements prior to the end of the 2023/24 financial year. .		
23	Section 96(5)	Clause 4.1.1	The licensee must comply with requests made by FESA or a local government under sections 96(3) and 96(4) of the Act to the extent practicable and within a reasonable time.	4	The Superintendent Water – Operational Technical and Compliance advised that no formal requests have been received from DFES or the local government authority.	NP	NR
28	Section 119(2)	Clause 4.1.1	The licensee must include the information specified in a compliance notice given in relation to the matters set out in section 119(1).	4	The auditor confirmed with the Water Operations Specialist and the onsite visit that all construction is managed by BHP Iron Ore or sub-contracted, so no compliance notices would be issued.	NP	NR
29	Section 122(2)	Clause 4.1.1	If a person makes an application to the State Administrative Tribunal under section 122(1), the licensee cannot take, or continue to take, action against the person except in the circumstances specified.	4	As per obligation 28.	NP	NR
30	Section 125(2)	Clause 4.1.1	If the licensee provides a water supply, sewerage or drainage service to 2 or more dwellings on land by a single property connection, the licensee may apportion fees. The licensee cannot apportion fees to the extent inconsistent with any agreement related to such a provision of services,	4	The auditor confirmed with the Water Operations Specialist that no fees are charged or apportioned between any single connections. The only water charges are to Water Corporation. There is no billing to other commercial customers.	NP	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
			or section 66 of the <i>Strata Titles Act 1985</i> .				
31	Section 128(4)	Clause 4.1.1	If the licensee has previously lodged a memorial with the Registrar, the licensee must lodge a withdrawal of memorial with Registrar along with the prescribed fee (if any) if the charge or contribution has been paid.	4	The auditor confirmed with the Water Operations Specialist that no memorials have been lodged in the audit period.	NP	NR
32	Section 129(5)	Clause 4.1.1	If a routine inspection or maintenance is likely to cause disruption to the occupants of a place at least 48 hours' notice of a proposed entry must be given to the occupier of the place unless the occupier agrees otherwise.	4	The auditor confirmed with the Water Operations Specialist and the site visit that if entry was required, at least 48 hours' notice is given. In practice, BHP Iron Ore would not enter any premises as this is the responsibility of the Water Corporation. This obligation is documented in the Newman Drinking Water - Customer Charter.	A	1
33	Section 139(3)	Clause 4.1.1	If the licensee removes or erects a fence or gate when exercising a works power conferred by the Act, the licensee must take all reasonable steps to notify the owner before doing so.	4	The auditor confirmed with the Superintendent Water – Operational Technical and Compliance and the site visit that no construction work required entry to premises.	NP	NR
34	Section 141(1)	Clause 4.1.1	A person authorised by the licensee may enter a road and exercise a works power of the licensee without consent, notice or warrant unless the exercise of the power involves opening or breaking up the surface of the road, or would cause a major obstruction of the road or disruption of the traffic, in which case the licensee must give at least 48 hours'	4	The auditor confirmed with the Superintendent Water – Operational Technical and Compliance and the onsite interviews that any road works would include giving at least 48 hours' notice to the local government authority (Shire of East Pilbara). There were no notices give in the audit period.	NP	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
			notice to the public authority that has control or management of the road.				
35	Sections 142	Clause 4.1.1	The licensee must comply with sections 143 and 144 of the Act in relation to the proposed major works and has given any notice required by section 148.	4	The auditor confirmed with the Water Operations Specialist, onsite interviews and review of the Asset Management System documentation that no major works have occurred 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. The BHP – Capital Projects sets out the requirements for any capital projects of US\$2 million or greater including approvals to be obtained.	NP	NR
36	Sections 143 (2)	Clause 4.1.1	Before the licensee submits a proposal for the provision of major works to the Minister, the licensee must prepare, publish and make available plans and details of those major works as specified.	4	As per obligation 35	NP	NR
37	Sections 143 (3)	Clause 4.1.1	The licensee must, within 5 days of publishing the plans and details on the licensee's website, give notice setting out the matters prescribed in section 143(4) to the persons and agencies specified.	4	As per obligation 35	NP	NR
38	Section 144(3)	Clause 4.1.1	The licensee must have regard to an objection or submission lodged within the relevant period.	4	As per obligation 35	NP	NR
39	Section 145(2)	Clause 4.1.1	If the licensee makes alterations to the plans or details referred to in section 143(2), the licensee must give written notice of the alterations to any person	4	As per obligation 35	NP	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
			who is likely to be adversely affected by those alterations.				
40	Section 147(3)	Clause 4.1.1	The licensee must comply with a direction given by a Minister in respect of a proposal to provide water service works that are major works under section 143(3).	4	As per obligation 35	NP	NR
41	Section 147(4)	Clause 4.1.1	If the Minister gives a direction that further notices in relation to the proposed major works be given under section 143(3), the licensee must resubmit the proposal.	4	As per obligation 35	NP	NR
42	Section 151(1)	Clause 4.1.1	A licensee proposing to provide water service works that are general works must prepare plans and details of the proposed works and publish and make them available for inspection.	4	The auditor confirmed by review of the Asset Management System documentation that no general works have occurred during the audit period. Any building works would be assessed by the Shire of East Pilbara. The Newman Water Supply Operating Procedure details the approach to operating and maintaining the Newman drinking water supply system.	A	NR
43	Section 151(2)	Clause 4.1.1	The licensee must give a notice of general works setting out the matters referred to in section 151(3) to the persons and agencies specified.	4	As per obligation 42.	A	NR
44	Section 152(3)	Clause 4.1.1	The licensee must have regard to an objection or submission lodged by the date specified in the notice given under section 151(2).	4	As per obligation 42.	A	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
45	Section 153(3)	Clause 4.1.1	If the licensee makes alteration to those plans or details referred to in section 151, the licensee must give written notice of the alterations to any person who is likely to be adversely affected by those alterations.	4	As per obligation 42.	A	NR
46	Section 166(5)	Clause 4.1.1	On being advised by the Minister that an interest in land is appropriate to the licensee's needs, the licensee is required to acquire the interest.	4	The Water Operations Specialist confirmed that no advice re acquiring an interest in land, has been received from the Minister.	NP	NR
47	Section 166(6)	Clause 4.1.1	Any costs incurred in taking an interest in land are to be paid by the licensee.	4	As per obligation 46.	NP	NR
48	Section 170	Clause 4.1.1	The licensee must not sell an interest in land if the purchaser would hold a parcel of land that did not comply with the minimum lot size and zoning requirements under the <i>Planning and Development Act 2005</i> , unless the Minister permits the licensee to do so.	4	As per obligation 46.	NP	NR
49	Section 173(4)	Clause 4.1.1	In relation to entry to a place for the purposes of doing works, in the circumstances specified, the licensee is required to give 48 hours' notice of proposed entry to a place to the occupier or owner, as applicable, unless the occupier or owner agrees otherwise.	4	The auditor confirmed with the Superintendent Water – Operational Technical and Compliance and onsite interviews that there was no entry to premises in the audit period. In practice, BHP Iron Ore would not enter any premises in Newman as this is the responsibility of the Water Corporation. This obligation is stated in the Newman Drinking Water - Customer Charter.	A	NR
50	Section 174(1)	Clause 4.1.1	Notice of a proposed entry by the licensee must be in writing and must set	4	The auditor confirmed with the Superintendent Water – Operational Technical and Compliance,	A	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
			out the purpose of the entry, including (if applicable) any work proposed to be carried out.		onsite interviews and review of the procedures that 48 hours' notice would be given in writing and set out the purpose of entry, for any entry to outside of dwellings. There was no entry to premises in the audit period. This obligation is stated in the Newman Drinking Water - Customer Charter.		
51	Section 174(3)	Clause 4.1.1	Even if in a particular instance the licensee may enter a place under the Act without having to give notice of proposed entry, the licensee must when practicable, and when it will not compromise the reason for entry, give notice of entry to the occupier.	4	The auditor confirmed with the Superintendent Water – Operational Technical and Compliance and onsite interviews that there were no unplanned entries to premises. This obligation is stated in the Newman Drinking Water - Customer Charter.	A	NR
52	Section 175(2)	Clause 4.1.1	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	The auditor confirmed with the Water Operations Specialist and onsite interviews that no entry was required to any dwelling. This obligation is stated in the Newman Drinking Water - Customer Charter.	A	NR
53	Section 175(5)	Clause 4.1.1	If the licensee enters a dwelling that is unoccupied, the licensee must leave a notice, which includes the prescribed information, or a copy of the warrant (as applicable) in a prominent position in the dwelling before leaving the dwelling.	4	As per obligation 52.	A	NR
54	Section 176(1)	Clause 4.1.1	If the licensee has entered a place with or without consent, the licensee must leave the premises as soon as practicable after being notified that the owner or occupier has refused or withdrawn their consent.	4	As per obligation 52.	A	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
55	Section 176(3)	Clause 4.1.1	The licensee must produce their certificate of authority if asked to do so, and must not perform, or continue to perform, a function under the Act if they are not able to do so.	4	As per obligation 52.	A	NR
56	Section 176(4)	Clause 4.1.1	If the licensee enters or proposes to enter a place, and the owner or occupier requests the licensee produce evidence of authority for that entry, then the licensee must leave the place if they are unable to do so unless the owner or occupier agrees otherwise.	4	As per obligation 52.	A	NR
57	Section 181	Clause 4.1.1	The licensee, or a person assisting the licensee, must, as far as is practicable comply with any reasonable request from the owner or occupier intended to limit interference with the lawful activities of the owner or occupier.	4	As per obligation 52.	A	NR
58	Section 186	Clause 4.1.1	If the licensee applies for a warrant, the application must contain the prescribed information.	4	The auditor confirmed with the Water Operations Specialist that no compliance notices or warrants had been applied for or issued during the audit period.	NP	NR
59	Sections 187(1) – (3)	Clause 4.1.1	If the licensee applies for a warrant to enter, the application must be made in accordance with the procedures specified depending on the location of the applicant and the justice.	4	As per obligation 58.	NP	NR
60	Section 190(4)	Clause 4.1.1	Unless required to give a copy of the warrant, the licensee executing the warrant must produce the warrant for inspection by the occupier of the place	4	As per obligation 58.	NP	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
			concerned on entry (if practicable), and if requested to do so.				
61	Section 190(5)	Clause 4.1.1	On completing the execution of a warrant the licensee must record the prescribed information on that warrant.	4	As per obligation 58.	NP	NR
62	Section 210(5)	Clause 4.1.1	If the licensee designates a person as an inspector or compliance officer, the licensee must give that person a certificate of authority that includes certain prescribed information.	4	The auditor confirmed with the Water Operations Specialist that no persons have been designated as inspectors or compliance officers.	NP	NR
63	Section 218(2)	Clause 4.1.1	In the exercise or purported exercise of a power under the Act, the licensee must ensure that, to the extent practicable, the free use of any place is not obstructed, and that as little damage, harm or inconvenience is caused as is possible.	4	The auditor confirmed with the Superintendent Water – Operational Technical and Compliance and onsite interviews that no entry was required to any dwelling.	NP	NR
64	Section 218(3)	Clause 4.1.1	If the licensee does any physical damage in the exercise of a works power or a power of entry, the licensee must ensure that the damage is made good and pay compensation to the extent that it is not practicable to make good the damage.	4	The auditor confirmed with the Superintendent Water – Operational Technical and Compliance and onsite interviews that no entry was required to any dwelling.	NP	NR
Water Services Regulations 2013							
65	Regulation 23(2)	Clause 4.1.1	If the licensee provides a water supply service in respect of a multi-unit development, the licensee must, on the request of the owner or the strata company, assess whether a meter is satisfactory for measuring the quantity	4	As there are no meters for the water service to dwellings, this obligation is not rated.	NP	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
			or flow of water passing through a pipe supplying water to the unit.				
66	Regulation 24(4)	Clause 4.1.1	If the licensee gives a compliance notice to a person in respect of access to meters, the notice must specify the specified information.	4	As per obligation 65.	NP	NR
67	Regulation 26(3)	Clause 4.1.1	If the owner or occupier requests the licensee to test a meter and pays the charge (if any) for testing that type of meter, the licensee must test the meter in accordance with a procedure approved by the CEO for the purpose of this regulation.	4	As per obligation 65.	NP	NR
68	Regulation 26(5)	Clause 4.1.1	If a meter test finds that the meter is outside the prescribed tolerance applicable, the licensee must take the specified actions, bear the costs of testing and refund or credit any charges paid under regulation 26(3).	4	As per obligation 65.	NP	NR
69	Regulation 29(1)	Clause 4.1.1	The licensee must, on the written request of a developer who is required to pay the licensee an infrastructure contribution in respect of a subdivided lot, defer the payment of the contribution unless regulations 29(3) or 29(4) applies.	4	The audit confirmed with the Water Operations Specialist that there would be no requests from developers to pay an infrastructure contribution and therefore, no requests to defer payment.	NP	NR
70	Regulation 42(2)	Clause 4.1.1	The written order requiring the owner or occupier of land to install a backflow prevention device must set out the date which the device must be installed and	4	As there are no meters for the water service to dwellings, this obligation is not rated.	NP	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
			tested (which must be at least 7 days after the order is given).				
71	Regulation 43(3)	Clause 4.1.1	The compliance notice given by the licensee to the owner or occupier of land must specify that the backflow prevention device be tested or maintained in accordance with the standard and the date by which the testing or maintenance is required to be done (which must be at least 7 days after the day the notice is given to the owner or occupier).	4	As per obligation 70.	NP	NR
72	Regulation 43(6)	Clause 4.1.1	The compliance notice requiring the owner or occupier of land to have their backflow prevention device made good as specified in the notice must include the work that is required to be done, the manner in which the work is to be done and the date by which the work is to be done (which must be at least 7 days after the notice is given)	4	As per obligation 70.	NP	NR
74	Regulation 60(2)	Clause 4.1.1	If the licensee proposes to exercise a works power in a road and considers that it is necessary to alter the position of infrastructure, the licensee must notify the person who is responsible for the infrastructure and may request that the person make the alterations within the time specified in the notice.	4	The auditor confirmed with the Superintendent Water – Operational Technical and Compliance that any road works would include giving at least 48 hours' notice to the local government authority and the residents. The auditor confirmed with that no works had been carried out in the audit period.	NP	NR
75	Regulation 63	Clause 4.1.1	If the licensee opens or breaks up the surface of a road, the licensee must	4	As per obligation 74.	NP	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
			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.				
88A	Regulation 80H	Clause 4.1.1	The licensee must, within 60 days after receiving a water efficiency management plan from an owner or occupier of a non-residential lot, approve the plan, request further information, or request a revised plan by written notice. (<i>Hamersley Iron included</i>)	4	The auditor confirmed with the Water Operations Specialist that no water efficiency management plans were received in the audit period.	NP	NR
89	Regulation 85	Clause 4.1.1	Compliance notices issued by the licensee must include a brief description of the possible consequences under the Act of not complying with the notice, and the rights of review under the Act in relation to the notice and who may apply for review.	4	The auditor confirmed with the Water Operations Specialist that no compliance notices were issued in the audit period for any water service works.	NP	NR
Water Services Code of Conduct (Customer Service Standards) 2018							
92	Clause 8(1)-(3)	Clause 4.1.1	The licensee must have written information for customers about the prescribed matters regarding connections and the information must be publicly available. <i>Note: The information required by clause 8(2)(a) applies to the Water Corporation, Bunbury Water Corporation and Busselton Water Corporation only and the information required by clause 8(2)(g) applies only</i>	4	As there are no residential customers and BHP Iron Ore has separate Service Level Agreements with its commercial customers that contract out of obligations per the Code of Conduct Clause 5(1), this obligation is not rated.	NP	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
			<i>to licensees that supply potable water that is treated by the customer).</i>				
93	Clause 9(2) and (4)		The licensee must ensure that, in any 12-month period, 90% of water supply service connections are completed before the end of 10 business days, starting on the day on which the customer has paid the relevant fees and complied with the relevant requirements. <i>Obligations 93 to 134 apply to potable water and sewerage services.</i>	4	There were no new connections during the audit period as confirmed by the Water Operations Specialist and the Water Licence Performance Reports to the ERA for the audit period.	NP	NR
94	Clause 10(2)	Clause 4.1.1	If the licensee charges a fixed charge, the licensee must issue a bill for a fixed charge to each customer at least once in every 12-month period.	4	As there are no residential customers and BHP Iron Ore has separate Service Level Agreements with its commercial customers that contract out of obligations per the Code of Conduct Clause 5(1), this obligation is not rated.	NP	NR
95	Clause 11(2)	Clause 4.1.1	If the licensee charges a quantity charge, the licensee must issue a bill - for a quantity charge to each customer at least once in every 4-month period.	4	As per obligation 94.	NP	NR
96	Clause 11(3)	Clause 4.1.1	A bill for usage must be based on a meter reading to ascertain the quantity supplied or discharged.	4	As per obligation 94.	NP	NR
98	Clause 11(4)	Clause 4.1.1	If an accurate meter reading is not possible and there are no applicable regulations, a bill for usage must be based on a reasonable estimate of supply or discharge using one of the prescribed methods.	4	As per obligation 94.	NP	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence <i>(including any recommendations)</i>	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
98A	Clause 11(5)	Clause 4.1.1	Despite subclauses 11(4) and (5), a bill for usage based on a meter reading must be issued at least once in every 12-month period.	4	As per obligation 94.	NP	NR
99	Clause 11(6)	Clause 4.1.1	The licensee must send a bill to the address of the place where the water service is provided or, if the customer nominates another address, to the nominated address.	4	As per obligation 94.	NP	NR
100	Clause 12	Clause 4.1.1	Each bill must contain the prescribed information.	4	As per obligation 94.	NP	NR
100A	Clause 13(1)	Clause 4.1.1	A bill issued for 2 or more water services must specify the charge payable for each water service.	4	As per obligation 94.	NP	NR
101	Clause 13(3)	Clause 4.1.1	Each bill for usage for a metered water service must contain the specified information.	4	As per obligation 94.	NP	NR
101A	Clause 13(4)	Clause 4.1.1	If a bill for usage for a metered water service was based on an estimate, the bill must inform the customer that the licensee will tell the customer the prescribed information on request.	4	As per obligation 94.	NP	NR
102A	Clause 13(6)	Clause 4.1.1	Each bill must contain the prescribed information.	4	As per obligation 94.	NP	NR
103	Clause 14(1)	Clause 4.1.1	If a bill is based on an estimate, the licensee must tell the customer on request the basis of the estimate and the reason for the estimate.	4	As per obligation 94.	NP	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
104	Clause 14(2)	Clause 4.1.1	If a bill is based on an estimate, the licensee must make any adjustments to the next bill to take into account the extent to which the estimate was not reasonable having regard to a subsequent and accurate meter reading.	4	As per obligation 94.	NP	NR
104A	Clause 15(3)	Clause 4.1.1	Each bill for usage to which clause 15 applies must, in addition to the requirements of clause 13, contain the prescribed information. (i.e., discount for leaks)	4	As per obligation 94.	NP	NR
105	Clause 16(1)	Clause 4.1.1	The licensee must provide to the customer on request a meter reading and a bill (or revised bill if applicable) for outstanding charges outside of the usual bill cycle, or in case the customer disputes an estimate.	4	As per obligation 94.	NP	NR
106	Clause 17(2) and (3)	Clause 4.1.1	The licensee must have a written policy, standard or set of guidelines (available on the licensee's website and a hardcopy provided to a customer upon request at no charge) in relation to granting a discount to a customer whose meter reading indicates a water usage that is higher than normal for the customer but is likely to have been wasted because of a leak from the customer's system.	4	As per obligation 94.	NP	NR
107	Clause 18(2)	Clause 4.1.1	The licensee cannot recover an undercharged amount from a customer unless it is for water services provided in	4	As per obligation 94.	NP	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
			the 12-month period ending on the day on which the licensee informed the customer of the undercharging.				
108	Clause 18(3)	Clause 4.1.1	An undercharged amount must be the subject of, and explained in, a special bill or a separate item in the next bill.	4	As per obligation 94.	NP	NR
109	Clause 18(4)	Clause 4.1.1	The licensee must not charge interest or late payment fees on an undercharged amount.	4	As per obligation 94.	NP	NR
110	Clause 18(5)	Clause 4.1.1	The licensee must allow a customer to pay an undercharged amount by way of a repayment plan that has effect for the duration of the shorter of the prescribed periods starting on the day that the bill in clause 18(3) is issued.	4	As per obligation 94.	NP	NR
111A	Clause 19(2)	Clause 4.1.1	The licensee must, within 15 business days of becoming aware of an overcharge, credit the overcharged amount to the customer's account or send the customer a notice informing the customer of the overcharging and recommending options for how the overcharged amount may be refunded or credited to the customer's account.	4	As per obligation 94.	NP	NR
112A	Clause 19(3)	Clause 4.1.1	If the licensee sends the customer an overcharging notice and receives instructions from the customer about the refunding or crediting of the overcharged amount, the licensee must refund the overcharged amount, or credit the overcharged amount to the customer's	4	As per obligation 94.	NP	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
			account within 15 business days of the licensee receiving the instructions.				
112B	Clause 19(4)	Clause 4.1.1	If instructions from the customer about the refunding or crediting of the overcharged amount have not been received by the licensee at the end of the period of 10 business days starting on the day an overcharging notice is sent, the licensee must credit the overcharged amount to the customer's account before the end of the period of the next 15 business days.	4	As per obligation 94.	NP	NR
112C	Clause 19(5)	Clause 4.1.1	The licensee must notify the customer immediately after crediting the overcharged amount to the customer's account under subclause (2)(a), (3) or (4).	4	As per obligation 94.	NP	NR
113	Clause 20(1)	Clause 4.1.1	The licensee must review a bill on the customer's request.	4	As per obligation 94.	NP	NR
114	Clause 20(2)	Clause 4.1.1	The license must have a written procedure for the review of a bill on the customer's request.	4	As per obligation 94.	NP	NR
115	Clause 20(3) and (6)	Clause 4.1.1	The review procedure in clause 20(2) must include the specified information and be available on the licensee's website and a hardcopy provided to a customer upon request at no charge.	4	As per obligation 94.	NP	NR
116	Clause 20(4)	Clause 4.1.1	The review procedure must state that the customer may, but does not have to, use the licensee's complaints	4	As per obligation 94.	NP	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
			procedure mentioned in clause 46 before or instead of applying to the water services ombudsman or, if available, making an appeal from, or applying for a review of, the decision under regulations mentioned in section 222(2)(k) of the Act.				
117	Clause 20(5)	Clause 4.1.1	The licensee must inform the customer of the outcome of a review of the customer's bill as soon as practicable or otherwise less than 15 business days from the day the customer's request for review was received.	4	As per obligation 94.	NP	NR
117A	Clause 21	Clause 4.1.1	The licensee must notify each of its customers of any change to the amount or rate of a water service charge in accordance with the requirements in clause 21(2).	4	As per obligation 94.	NP	NR
118	Clause 23	Clause 4.1.1	The time set by the licensee for the payment of a bill must be after 14 days from when the bill is issued.	4	As per obligation 94.	NP	NR
119	Clause 24(1)	Clause 4.1.1	The licensee must allow a customer to pay a bill using any of the prescribed methods selected by the customer.	4	As per obligation 94.	NP	NR
120	Clause 24(2)	Clause 4.1.1	The licensee must, when offering bill payment method options, inform the customer of the fees and charges (if any) associated with each bill payment method offered.	4	As per obligation 94.	NP	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
121	Clause 25(1)	Clause 4.1.1	Before receiving a bill payment by direct debit, the licensee must obtain the express consent of the customer or of an adult person nominated by the customer to give consent.	4	As per obligation 94.	NP	NR
122	Clause 26(1)	Clause 4.1.1	The licensee must accept payment in advance from a customer on a customer's request.	4	As per obligation 94.	NP	NR
123	Clause 27	Clause 4.1.1	The licensee must on request and at no charge redirect a customer's bills because of the customer's absence or illness.	4	As per obligation 94.	NP	NR
124A	Clause 28(2)	Clause 4.1.1	The licensee must advise a customer who has been assessed as experiencing payment difficulties that they have a right to pay the bill under a payment plan or other arrangement under which the customer is given more time to pay the bill or arrears, and the licensee must offer to enter into an appropriate plan or arrangement with the customer.	4	As per obligation 94.	NP	NR
124B	Clause 28(3)	Clause 4.1.1	When formulating a payment plan or other arrangement for a customer that the licensee has assessed as experiencing payment difficulties, the licensee must take the customer's capacity to pay the bill into account. In the case of a bill for usage, the licensee must also take into account how much water has been supplied or wastewater	4	As per obligation 94.	NP	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
			has been discharged in previous billing periods.				
124C	Clause 28(4)	Clause 4.1.1	The licensee must consider and decide whether or not the payment plan or other arrangement for a customer who has been assessed as experiencing payment difficulties should be interest-free, or fee-free, or both.	4	As per obligation 94.	NP	NR
125	Clause 29(1) and (2)	Clause 4.1.1 and Schedule 3, clause 1.1.1	The licensee must have a written policy in relation to financial hardship that is approved by the ERA.	4	As there are no residential customers and BHP Iron Ore has separate Service Level Agreements with its commercial customers that contract out of obligations per the Code of Conduct Clause 5(1), this obligation is not rated.	NP	NR
126A	Clause 29(3)	Clause 4.1.1	Unless the ERA approves otherwise, the licensee's financial hardship policy must comply with the ERA's guidelines (if any) in relation to financial hardship policies.	4	As per obligation 125.	NP	NR
126B	Clause 29(4)	Clause 4.1.1	Unless the ERA approves otherwise, amendments to the licensee's financial hardship policy must be approved by the ERA and comply with the ERA's guidelines (if any) in relation to financial hardship policies.	4	As per obligation 125.	NP	NR
127	Clause 29(5)	Clause 4.1.1	The licensee's financial hardship policy must be in effect within 6 months of the day of the grant of the license.	4	As per obligation 125.	NP	NR
128	Clause 29(6)	Clause 4.1.1	The licensee's financial hardship policy must be available on the licensee's website and a hardcopy provided to a customer upon request at no charge.	4	As per obligation 125.	NP	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
129A	Clause 29(7)	Clause 4.1.1	The licensee must review its financial hardship policy at least once in every 5 year period.	4	As per obligation 125.	NP	NR
129B	Clause 29(8)	Clause 4.1.1	The licensee must review its financial hardship policy if directed to do so by the ERA.	4	As per obligation 125.	NP	NR
129C	Clause 29(9)	Clause 4.1.1	The licensee must consult with relevant consumer organisations when formulating or reviewing its financial hardship policy.	4	As per obligation 125.	NP	NR
130A	Clause 30(2)	Clause 4.1.1	The licensee must advise a customer who has been assessed as experiencing financial hardship that they have a right to pay the bill under an interest-free and fee-free payment plan or other arrangement under which the customer is given more time to pay the bill or arrears, and the licensee must offer to enter into an appropriate plan or arrangement with the customer.	4	As there are no residential customers and BHP Iron Ore has separate Agreements with its commercial customers that contract out of obligations per the Code of Conduct Clause 5(1), this obligation is not rated.	NP	NR
130B	Clause 30(3)	Clause 4.1.1	When formulating a payment plan or other arrangement for a customer that the licensee has assessed as experiencing financial hardship, the licensee must take the customer's capacity to pay the bill into account. In the case of a bill for usage, the licensee must also take into account how much water has been supplied or wastewater	4	As per obligation 130A.	NP	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
			has been discharged in previous billing periods.				
131A	Clause 30(4)(a)	Clause 4.1.1	The licensee must consider reducing the amount owing by the customer.	4	As per obligation 130A.	NP	NR
131B	Clause 30(4)(b)	Clause 4.1.1	The licensee must review, upon request, how a customer is paying a bill under clause 30(2) and (3) and revise the payment plan or arrangement if the review indicates the customer is unable to meet the obligations.	4	As per obligation 130A.	NP	NR
131C	Clause 30(4)(c)	Clause 4.1.1	The licensee must provide the specified written information to a customer.	4	As per obligation 130A.	NP	NR
133	Clause 31(4) and (5)	Clause 4.1.1	The licensee must have written information regarding the payment schemes and other assistance that is available to customers. The information must be available on the licensee's website and a hardcopy provided to a customer upon request at no charge.	4	As per obligation 130A.	NP	NR
133A	Clause 32	Clause 4.1.1	The licensee must not charge interest or fees for late payment of a bill by a customer in the specified circumstances.	4	As per obligation 130A.	NP	NR
134	Clause 33(1)(a)-(c)	Clause 4.1.1	The licensee must not commence or continue proceedings to recover a debt from a customer if the customer is complying with a payment plan or other arrangement, is being assessed for payment difficulties or is being assessed for financial hardship.	4	As per obligation 130A.	NP	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
134A	Clause 33(1)(d)-(e)	Clause 4.1.1	The licensee must not commence or continue proceedings to recover a debt from a customer if a complaint made by the customer to the licensee or water services ombudsman, which directly relates to the water service charge to which the debt relates, is not resolved by the licensee (or is not determined or is upheld by the ombudsman).	4	As per obligation 130A.	NP	NR
135	Clause 40(1)	Clause 4.1.1	If the licensee has cut off or reduced the rate of flow of water to land under section 95(1)(b) of the Act, the licensee must restore the supply of water if the amount owing is paid, or if the customer enters into a payment arrangement for the amount owing that is satisfactory to the licensee. <i>Obligations 135 to 144 apply only to potable water services.</i>	4	As per obligation 130A.	NP	NR
136	Clause 40(2)	Clause 4.1.1	If the licensee has, under section 95(1)(a), (c), (d) or (e) of the Act, cut off or reduced the flow of water, the licensee must restore the supply of water if the licensee is satisfied that the reason for the disconnection or reduction no longer applies.	4	As per obligation 130A.	NP	NR
137A	Clause 36(1)	Clause 4.1.1	The licensee must not start a water supply restriction unless the licensee has given the customer a reminder notice (that includes the information specified in clause 35), the water service	4	As per obligation 130A.	NP	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations) ⁵	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
			charge has still not been paid in full, and the licensee has given the customer a restriction notice.				
137B	Clause 36(2)	Clause 4.1.1	The licensee must not give a customer a restriction notice less than 7 days before the day on which the water supply restriction is proposed to start.	4	As per obligation 130A.	NP	NR
137C	Clause 36(3)	Clause 4.1.1	The restriction notice must include the specified information.	4	As per obligation 130A.	NP	NR
138	Clause 37(1)(a)-(e) and (h)	Clause 4.1.1	The licensee must not start a water supply restriction if the specified circumstances apply.	4	As per obligation 130A.	NP	NR
138A	Clause 37(1)(f)-(g)	Clause 4.1.1	The licensee must not start a water supply restriction if the specified circumstances apply.	4	As per obligation 130A.	NP	NR
138B	Clause 38	Clause 4.1.1	The licensee must not start a water supply restriction on or during the specified times.	4	As per obligation 130A.	NP	NR
139	Clause 39	Clause 4.1.1	The licensee must not, under section 95(1)(b) or (2) of the Act, reduce the rate of flow of water to a customer to below 2.3 litres each minute.	4	As per obligation 130A.	NP	NR
142	Clause 41(4)	Clause 4.1.1	The licensee (other than the Water Corporation) must restore a water supply to land within the specified timeframe, unless the licensee and customer expressly agree otherwise.	4	As per obligation 130A.	NP	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
144	Clause 41(6)	Clause 4.1.1	The licensee (other than the Water Corporation) must ensure that there is a 90% compliance rate with clause 41(4) in any 12-month period ending on 30 June.	4	As per obligation 130A.	NP	NR
144A	Clause 43(1)	Clause 4.1.1	The licensee must give notice of any planned service interruption to each customer that will be affected by the service interruption. <i>Obligations 144A to 154A apply to potable water and sewerage services.</i>	4	The auditor confirmed with the Superintendent Water – Operational Technical and Compliance and the onsite interviews that at least 3 days' notice would be given for any planned interruptions to water services. As reported in the Performance Reports for 2020/21 and 2021/22 to the ERA, there were no interruptions affecting the potable water supply to Water Corporation. The control is the Newman Drinking Water Incident Response Plan.	A	NR
144B	Clause 43(2)	Clause 4.1.1	The notice of any planned service interruption must be given within the prescribed timeframes.	4	As per obligation 144A.	A	NR
144C	Clause 44(1)	Clause 4.1.1	The licensee must have policies, practices and procedures for dealing with and minimising the impact of a burst, leak or blockage in its water supply works or sewerage works.	4	The auditor sighted the WA Iron Ore Water Event Management Procedure that includes detailed procedures for drinking water incidents. There is also the Newman Township Business Continuity Plan covering any general incidents affecting town services.	A	1
144D	Clause 44(2)	Clause 4.1.1	The policies, practices and procedures under clause 44(1) must deal with the prescribed matters.	4	The procedures noted in obligation 144C deal with the prescribed matters.	A	1

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
144E	Clause 45	Clause 4.1.1	The licensee must provide a 24 hour information line by means of which, at the cost of a local telephone call (excluding mobile telephones), a customer can notify the licensee of emergencies and faults, and get information about the reason for, and the expected duration of, any unplanned service interruption.		The auditor confirmed that a 24 hour information line is available with the contact details in the Newman Drinking Water - Customer Charter.	A	1
145	Clause 46(1)	Clause 4.1.1	The licensee must have a written complaints procedure in relation to investigating and dealing with complaints of customers about the provision of water services by the licensee or a failure by the licensee to provide a water service.	4	The auditor sighted the complaints procedure in the Newman Drinking Water - Customer Charter and the Service Level Agreements.	A	1
146	Clause 46(2)	Clause 4.1.1	The licensee's complaints procedure must be developed using as minimum standards the relevant provisions of AS/NZS 10002-2014 and the ERA's guidelines (if any).	4	The complaints procedure is compliant with the relevant provisions of AS ISO 10002-2014 and the ERA's Customer Complaints Guidelines dated December 2016.	A	1
147	Clause 46(3)	Clause 4.1.1	The licensee's complaints procedure must provide for the matters specified in relation to lodgment of complaints, responding to complaints, dispute resolution arrangements and resolving complaints.	4	The audit reviewed the Newman Drinking Water - Customer Charter and the Service Level Agreements and confirmed the complaints procedure includes how complaints are to be lodged and responded to.	A	1
148A	Clause 46(4)	Clause 4.1.1	The licensee's complaints procedure must list the procedures available to the customer under the Act as to applying to the water services ombudsman or	4	The complaints procedure in the Newman Drinking Water - Customer Charter does not include any reference to requesting a review of any decision or	NP	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
			making an appeal from, or applying for a review of, the decision that gave rise to the complaint, if an appeal or review is available under regulations mentioned in section 222(2)(k).		the option to refer the complaint to the Energy and Water Ombudsman As there are no residential customers and BHP Iron Ore has separate Agreements with its commercial customers that contract out of obligations per the Code of Conduct Clause 5(1), this obligation is not rated.		
149	Clause 46(5)	Clause 4.1.1	The licensee's complaints procedure must be available on the licensee's website and a hardcopy provided to a customer upon request at no charge.	4	As there are no residential customers and BHP Iron Ore has separate Agreements with its commercial customers that contract out of obligations per the Code of Conduct Clause 5(1), this obligation is not rated.	NP	NR
149A	Clause 47	Clause 4.1.1	When the licensee considers that a customer's complaint has been resolved the licensee must advise the customer accordingly, inform the customer that the customer has a right to apply to the water services ombudsman for a review of the complaint, and provide a Freecall telephone number for the water services ombudsman.	4	As per obligation 149.	NP	NR
150	Clause 48(1)	Clause 4.1.1	The licensee must provide a customer with the specified services on request and at no charge. <i>i.e.</i> a) <i>services for account, payment and general enquiries for use by customers with hearing or speech impaired.</i> b) <i>interpreter services for account, payment and general enquiries.</i>	4	As per obligation 149.	NP	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations) ⁵	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
			c) <i>a large-print version of any of the licensee's publicly available documents.</i>				
152	Clause 48(2)	Clause 4.1.1	The licensee must make available to each customer, at no charge, the customer's personal account information including information about bills previously issued to the customer and about the quantity of water supplied to, or wastewater discharged by, the customer in previous billing periods.	4	As there is no metering or billing of water services to customers in the audit period, this obligation is not rated.	NP	NR
153	Clause 49(1)	Clause 4.1.1	The licensee must make the prescribed information publicly available.	4	As BHP Iron Ore's only customers are the Water Corporation and commercial customers, this obligation is not rated.	NP	NR
154	Clause 49(2)	Clause 4.1.1	The licensee must ensure that the specified information about bills may be obtained from its website.	4	As there is no billing for water services, this obligation is not rated.	NP	NR
154A	Clause 49(3)	Clause 4.1.1	The licensee must ensure that its website contains a link to the current version of this code appearing on the website that is maintained by or on behalf of the Western Australian Government and that provides public access to electronic versions of Western Australian legislation.	4	As there are no residential customers and BHP Iron Ore has separate Agreements with its commercial customers that contract out of obligations per the Code of Conduct Clause 5(1), this obligation is not rated.	NP	NR
154B	Clause 51(1) and (3)	Clause 4.1.1	The licensee must maintain an up-to-date preserved supply register for the purposes of Part 9 of the Code if the licensee meets the criteria in clause 51(2). The register must record the prescribed information in clause 51(3) if	2	As per obligation 154A.	NP	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
			the criteria in clause 51(2) applies to the licensee.				
154C	Clause 52	Clause 4.1.1	The licensee must not, under section 95(1)(b) of the Act, reduce the rate of flow of a supply of water to a supply address recorded on the preserved supply register. * *Potable water only.	2	As per obligation 154A.	NP	NR
154D	Clause 53	Clause 4.1.1	Despite clause 43(3), in the case of a service interruption that will affect a supply address recorded on the preserved supply register, the notice required by clause 43(1) must be sent by post or delivered to that supply address.	2	As per obligation 154A.	NP	NR
Other Licence conditions							
155	<i>Water Services Act</i> Section 12	Clause 4.2.1	The licensee must pay the applicable fees and charges in accordance with the <i>Economic Regulation Authority (Licensing Funding) Regulation 2014</i> .	4	The auditor reviewed the payment of fees to the ERA for 2021/22 and 2022/23 and confirmed the fees were paid by the due dates. The due date is tracked in BHP Iron Ore's financial system.	A	1
159	<i>Water Services Act</i> Section 12	Clause 4.1.2	The licensee must comply with a direction from the ERA in relation to a breach of applicable legislation.	4	The Water Operations Specialist confirmed there have been no directions from the ERA.	NP	NR
160	<i>Water Services Act</i> Section 12	Clause 4.6.1	The licensee and any related body corporate must maintain accounting records that comply with standards issued by the Australian Accounting	4	The auditor reviewed BHP's Financial Statements for 2020/21 and 2021/22 audited by external accountants, that confirmed the accounting records comply with accounting standards.	A	1

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
			Standards Board or equivalent International Accounting Standards.				
161	<i>Water Services Act</i> Section 12	Clause 5.2.1	The licensee must comply with any individual performance standards prescribed by the ERA.	4	From review of the Performance Report to the ERA for 2020/21 and 2021/22, the auditor confirmed the water flow rate and pressure meet the performance standards in Schedule 2 of the licence. The required performance standards are documented in the Asset Management Plan. The Service Level Agreements with commercial customers state that BHP Iron Ore will use its best endeavours to maintain the flow rate and pressure standards but this is not guaranteed, as they are commercial customers.	A	1
162	<i>Water Services Act</i> Section 12	Clause 5.3.4	The licensee must cooperate with the independent expert and comply with the ERA's audit and review guidelines dealing with the operational audit.	4	This audit/review is designed in accordance with the Audit Guidelines. The licensee has fully co-operated with this audit. This obligation is stated in the Asset Management Plan.	A	1
163	<i>Water Services Act</i> Section 12	Clause 4.7.1(a), (b), (c)	The licensee must report to the ERA, in the manner prescribed, if a licensee is under external administration or there is a change in the circumstances upon which the licence was granted which may affect a licensee's ability to meet its obligations.	4	The auditor confirmed by interview and review of BHP's Financial Reports for the audit period that it was not under external administration during the audit period.	NP	NR
165	<i>Water Services Act</i> Section 12	Clause 4.8.1	The licensee must provide the ERA specified information relevant to the operation of the licence or the licensing scheme, or the performance of the ERA's function under the Act in the manner and form specified by the ERA.	4	In accordance with the Water Compliance Reporting Manual 2021 and previous versions, BHP Iron Ore is required to submit to the ERA: <ul style="list-style-type: none"> Annual performance reports no later than 31 August for the reporting year ending 30 June; and 	A	1

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
					<ul style="list-style-type: none"> Annual compliance reports by 31 August for the year ending 30 June. <p>The auditor reviewed BHP Iron Ore's correspondence with the ERA and the Compliance and Performance Reports for 2020/21 and 2021/22 confirmed the reports had been submitted by the due dates.</p> <p>This obligation is documented in the Water Services Licence Audits and Reporting Requirements.</p>		
167	<i>Water Services Act</i> Section 12	Clause 4.8.2	The licensee must provide the ERA with the data required for performance reporting purposes that is specified in the Water, Sewerage and Irrigation Licence Performance Reporting Handbook, and the National Performance Framework that apply to the licensee.	4	The auditor reviewed BHP Iron Ore's Performance Reports for 2020/21 and 2021/22 and confirmed the reports had been submitted with the required data.	NP	1
168	<i>Water Services Act</i> Section 12	Clause 3.8.1 and 3.8.2	Subject to clause 3.8.3, the licensee must publish within the specified timeframe any information that the ERA has directed the licensee to publish under clause 3.8.1.	4	The auditor confirmed with the Water Operations Specialist that there were no directions from the ERA to publish information.	NP	NR
169	<i>Water Services Act</i> Section 12	Clause 3.7.1	Unless otherwise specified, all notices must be in writing.	4	The auditor reviewed BHP Iron Ore's correspondence with the ERA in the audit period and confirmed compliance. All correspondence observed was in hardcopy letter or email.	NP	1
170A	<i>Water Services Act</i> Section 12	Clause 5.1.1(a) and (b)	The licensee must notify the ERA of the details of the asset management system within five business days from the later of:	4	The ERA has been notified of and has approved the asset management system as part of the licence application and approval.	NP	1

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
	(Applicable from May 2020)		a) the commencement date; or b) the completion of construction of the licensee's water service works.				
171	Water Services Act Section 12	Clause 5.1.3	The licensee must notify the ERA of any material change to the asset management system within 10 business days of the change.	4	The auditor confirmed with the Water Operations Specialist and field observations that no changes have been made to the Asset Management System (AMS) during the audit period. BHP Iron Ore maintains a legal register which contains all relevant legislation that is applicable to its operations. The HSEC Licences and Approvals procedure includes the requirement to notify the ERA of any material change to the AMS within 10 days.	A	NR
172	Water Services Act Section 12	Clause 5.1.7	The licensee must cooperate with the independent expert and comply with the ERA's audit and review guidelines dealing with the asset management system review.	4	This review is being undertaken in accordance with the Audit and Review Guidelines. The licensee has fully co-operated with this asset management review. This obligation is stated in the Asset Management Plan.	A	1
172A	Water Services Act Section 12	Clause 6.1.1	If the ERA considers that one or more of a licensee's standard terms and conditions of service is no longer in the public interest, the ERA may direct the licensee: a) to amend: i. the standard term or condition of service; or ii. the standard term or condition of service in accordance with a term proposed by the ERA; and	4	The Water Operations Specialist confirmed there has been no directives from the ERA.	NP	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
			b) to do so within a specified period.				
172B	Water Services Act Section 12	Clause 6.1.2	The licensee must comply with a direction given to the licensee under clause 6.1.1.	4	The Water Operations Specialist confirmed there has been no directives from the ERA.	NP	NR
181	Water Services Act Section 12	Clause 6.3.1	If the licensee is appointed as the supplier of last resort for a designated area in relation to the provision of a particular water service, the licensee must perform the functions of a supplier of last resort, comply with the duties imposed by the Act and carry out its operations under or for the purpose of the last resort plan in accordance with the Act.	4	The auditor confirmed with the Water Operations Specialist that BHP Iron Ore was not appointed as a supplier of last resort.	NP	NR
182	Water Services Act Section 12	Clause 4.4.1(b)	If the licensee provides a water service outside of the operating area the licensee must apply to amend the licence unless otherwise notified by the ERA.	4	The Superintendent Water – Operational Technical and Compliance and the site visit confirmed there have been no water services provided outside of the operating area stated in the licence. This is also stated in the Asset Management Plan.	A	NR
184	Water Services Act Section 12	Clause 7.1.1	Where the licensee provides potable water, the licensee must enter into a Memorandum of Understanding with the Department of Health as soon as practicable after the commencement date or as otherwise agreed with Department of Health.	4	The auditor sighted the Memorandum of Understanding between the Department of Health and BHP Iron Ore for Drinking Water (MOU) that was finalised on 25 July 2023.	NP	1
184A	Water Services Act Section 12	Clause 7.1.2	Where the licensee provides sewerage services, the licensee must enter into a Memorandum of Understanding with the Department of Health as soon as	4	As BHP Iron Ore does not provide sewerage services under this licence, this obligation is not rated.	NP	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
			practicable after the commencement date or as otherwise agreed with Department of Health.				
184B	<i>Water Services Act</i> Section 12	Clause 7.1.3	If the licensee provides both potable water and sewerage services, the licensee must enter into a separate Memorandum of Understanding with the Department of Health in respect of each of the potable water service and sewerage service.	4	As BHP Iron Ore does not provide sewerage services under this licence, this obligation is not rated.	NP	NR
185	<i>Water Services Act</i> Section 12	Clause 7.1.4	A 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	The Memorandum of Understanding between the Department of Health and BHP Iron Ore for Drinking Water (MOU) that was finalised on 25 July 2023 complies with the requirements of DoH.	NP	1
186	<i>Water Services Act</i> Section 12	Clause 7.1.5	The licensee must comply with the terms of a Memorandum of Understanding.	4	As per obligation 185.	NP	NR
187	<i>Water Services Act</i> Section 12	Clause 7.1.6	The licensee must publish in the form agreed with the Department of Health, a Memorandum of Understanding and any amendments to a Memorandum of Understanding within one month of signing or making the amendment. <i>(Potable water and sewerage services).</i>	4	As the MOU was not signed until 23 July 2023, this obligation was not applicable in this audit period. The MOU is now available on the BHP Group External Web Page.	NP	NR
188	<i>Water Services Act</i> Section 12	Clause 7.1.7	The licensee must publish the audit report on compliance with its obligations under a Memorandum of Understanding on its website within one month of the	4	The Water Operations Specialist and the site visit confirmed there have been no audits by the Department of Health, so this obligation is not rated.	NP	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
			completion of the audit or a frequency specified by the Department of Health.				
189	<i>Water Services Act</i> Section 12	Clause 7.1.8	The licensee must publish, in a form agreed with the Department of Health, any other reports required by the Department of Health or required by a Memorandum of Understanding on the licensee's website, at a reporting frequency specified by the Department of Health.	4	The auditor confirmed that Quarterly Potable Water Reports from June 2021 to June 2023 have been provided to the DoH. As the MOU was not signed until 23 July 2023, this obligation was not applicable in this audit period.	NP	NR
190	<i>Water Services Act</i> Section 12	Schedule 2	The licensee must comply with the standards set out in Schedule 2 of the licence.	4	From review of the Performance Reports to the ERA for 2020/21 and 2021/22, and by onsite interviews, the audit confirmed the water flow/pressure is being complied with. The required performance standards are documented in the AMP.	A	1
Water Services Code of Practice (Family Violence) 2020⁷. (applicable from March 2021)							
191	Clause 5(1)	Clause 4.1.1	The Licensee must have a family violence policy that sets out the matters specified in clause 5(1).	4	AS BHP Iron Ore does not supply potable water to any residential customers, this obligation is not rated.	NP	NR
192	Clause 5(2)	Clause 4.1.1	The licensee must have a family violence policy before the end of the six-month period starting on either: 9 December 2020; or if the day of the grant of the	4	Refer obligation 191.	NP	NR

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

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
			licensee's licence is after 9 December 2020, the day of the grant of the licensee's licence.				
193	Clause 6	Clause 4.1.1	A licensee must publish its family violence policy on its website and provide a hard copy of the policy to a customer on request and at no charge.	4	Refer obligation 191.	NP	NR
194	Clause 7	Clause 4.1.1	A licensee must review its family violence policy at least once in every 5 year period, and additionally, if directed to do so by the Minister.	4	Refer obligation 191.	NP	NR
195	Clause 8(1)	Clause 4.1.1	A licensee must maintain adequate records in relation to compliance with this code or any policy made under the code.	4	Refer obligation 191.	NP	NR
196	Clause 8(2)	Clause 4.1.1	If the licensee is not a government organisation according to the <i>State Records Act 2000 (WA)</i> , a record that relates to a customer, must be retained for at least 7 years after the last communication between the licensee and the customer, or water services ombudsman. If the record does not relate to a customer, then the record must be kept for at least 7 years after the record is made.	4	Refer obligation 191.	NP	NR
197	Clause 9 (Clause 4.1.1	When a customer affected by family violence first contacts a licensee about a particular matter relating to the family violence, the licensee must inform the customer of the existence and operation of the licensee's complaints procedure	4	Refer obligation 191.	NP	NR

No ³	Legislative Reference	Licence Condition	Description	Audit Priority ⁴	Systems, Processes, Controls in Place to Comply with Licence <i>(including any recommendations)</i>	Adequacy of Controls Rating ⁵	Compliance Rating ⁶
			under clause 46 of the Water Services Code of Conduct (Customer Service Standards) 2018.				
198	Clause 10	Clause 4.1.1	A licensee must ensure that its website contains a link that provides access to the current version of the code as it appears on the website that is maintained by or on behalf of the Western Australian Government and that provides public access to electronic versions of Western Australian legislation.	4	Refer obligation 191.	NP	NR

3.6 Audit Recommendations

Table of Current Audit Non- Compliances and Recommendations

A. Resolved during current audit period			
Recommendation (no./year)	Non-Compliance/Controls Improvement (Licence obligation ref. and obligation/ Rating/ Non-compliance or inadequacy of control)	Date Resolved (& management action taken)	Auditor's Comments
	Nil		
B. Unresolved at end of current audit period			
Recommendation (no./year)	Non-Compliance/Controls Improvement (Rating/Licence obligation ref. and obligation/Non-compliance or inadequacy of control)	Auditor's Recommendation	Action taken by the licensee by end of audit period
1/2023	<p>Fire Hydrants in Mine Industrial Area A2 - Adequate controls / Non-compliant – Minor Impact Obligation 22 <i>Water Services Act 2012 sections 96(1)</i></p> <p>If the licensee provides water supply reticulation works or enters into an agreement for the provision of water supply reticulation works, the licensee must install fire hydrants attached to those works in accordance with the requirements of FESA, or the relevant local government as to the location and type of hydrant.</p> <p>As noted in the Compliance Report to ERA for 2021/22, the existing hydrants in the Mine Industrial Area of Newman do not comply with Water Corporation's Standard DS-63 spacing requirements. To comply with Water Corporation's Standard DS-63, 5 additional fire hydrants are required in the licence area. BHP Iron Ore is currently developing a detailed design and location plan for the installation of the new hydrants. The Superintendent Water – Operational Technical and Compliance Installation advised that the installation is due to be completed prior to 30 June 2024.</p> <p>This is considered a minor non-compliance and has no effect on customers.</p>	As planned, BHP Iron Ore should complete the installation of 5 additional fire hydrants in the Mine Industrial Area of Newman to comply with Water Corporation's Standard DS-63 spacing requirements prior to the end of the 2023/24 financial year.	Work in progress.

4. Asset Management System Review

4.1 Description of Infrastructure

BHP Iron Ore Pty Ltd ('BHP Iron Ore') has a Water Services Licence, issued by the Economic Regulation Authority ('ERA') under the *Water Services Act 2012* ('Act'), for the potable water supply to the Water Corporation under a Memorandum of Agreement for distribution to the Newman township. BHP Iron Ore owns and operates the potable water infrastructure that supplies drinking water to Water Corporation.

BHP Iron Ore also supplies commercial customers including the Mine Services Industrial Area, Alinta Energy and Yarnima Power Stations and the Shire of East Pilbara WWTP that are all essential to ensure the maintenance of a workforce for the Newman mining operations.

The 9 commercial customers have Service Level Agreements (SLAs) with BHP Iron Ore to supply water. The SLAs state that BHP Iron Ore will use its best endeavours to supply drinking quality water but does not guarantee the quality of the water.

4.2 Objectives and Scope

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

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

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

The highest priority asset components based on inherent risk were:

- Asset planning (high inherent risk); and
- Environmental analysis (high inherent risk).

This review covers the period from commencement of the licence on 2 June 2021 to 30 June 2023.

4.3 Asset Management Process and Performance Rating Scales

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

Asset Management Process and Policy Definition - Adequacy ratings

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

Asset Management Performance Ratings

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

4.4 Summary of Asset Management System Effectiveness Ratings

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

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

Summary of Asset Management Performance Ratings

Process and Policy Definition – Adequacy Rating	Performance Rating for Effectiveness Criteria					
	Rating	1 Performing effectively	2 Opportunity for improvement	3 Corrective action required	4 Some action required	Total
	A -Adequately defined	58	-	-	-	58
	B – Requires some improvement	-	-	-	-	-
	C – Requires significant improvement	-	-	-	-	-
	D – Inadequate	-	-	-	-	-
Total	58	-	-	-	58	

Asset Management System Performance Ratings

ASSET MANAGEMENT SYSTEM COMPONENT & EFFECTIVENESS CRITERIA	Process and Policy 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
1. Asset planning	A				1				
1.1 Asset management plan covers the processes in this table.	✓				✓				
1.2 Planning process and objectives reflect the needs of all stakeholders and are integrated with business planning.	✓				✓				
1.3 Service levels are defined in the asset management plan.	✓				✓				
1.4 Non-asset options (e.g. demand management) are considered.	✓				✓				

ASSET MANAGEMENT SYSTEM COMPONENT & EFFECTIVENESS CRITERIA	Process and Policy 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
1.5 Lifecycle costs of owning and operating assets are assessed.	✓				✓				
1.6 Funding options are evaluated.	✓				✓				
1.7 Costs are justified and cost drivers identified.	✓				✓				
1.8 Likelihood and consequences of asset failure are predicted.	✓				✓				
1.9 Asset management plan are regularly reviewed and updated.	✓				✓				
2. Asset creation/ acquisition	A				1				
2.1 Full project evaluations are undertaken for new assets, including comparative assessment of non-asset solutions.	✓				✓				
2.2 Evaluations include all life-cycle costs.	✓				✓				
2.3 Projects reflect sound engineering and business decisions.	✓				✓				
2.4 Commissioning tests are documented and completed.	✓				✓				
2.5 Ongoing legal/environmental/safety obligations of the asset owner are assigned and understood.	✓				✓				
3. Asset disposal	A				1				
3.1 Under-utilised and under-performing assets are identified as part of a regular systematic review process.	✓				✓				
3.2 The reasons for under-utilisation or poor performance are critically examined and corrective action or disposal undertaken.	✓				✓				
3.3 Disposal alternatives are evaluated.	✓				✓				
3.4 There is a replacement strategy for assets.	✓				✓				
4. Environmental analysis	A				1				
4.1 Opportunities and threats in the asset management system environment are assessed.	✓				✓				
4.2 Performance standards (availability of service, capacity, continuity, emergency response, etc) are measured and achieved.	✓				✓				

ASSET MANAGEMENT SYSTEM COMPONENT & EFFECTIVENESS CRITERIA	Process and Policy 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
4.3 Compliance with statutory and regulatory requirements.	✓				✓				
4.4 Service standards (customer service levels, etc.) are measured and achieved.	✓				✓				
5. Asset operations	A				1				
5.1 Operational policies and procedures are documented and linked to service levels required.	✓				✓				
5.2 Risk management is applied to prioritise operations tasks.	✓				✓				
5.3 Assets are documented in an Asset Register including asset type, location, material, plans of components, and an assessment of assets' physical/structural condition.	✓				✓				
5.4 Accounting data is documented for assets.	✓				✓				
5.5 Operational costs are measured and monitored.	✓				✓				
5.6 Staff resources are adequate and staff receive training commensurate with their responsibilities.	✓				✓				
6. Asset maintenance	A				1				
6.1 Maintenance policies and procedures are documented and linked to service levels required.	✓				✓				
6.2 Regular inspections are undertaken of asset performance and condition.	✓				✓				
6.3 Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule.	✓				✓				
6.4 Failures are analysed and operational/maintenance plans adjusted where necessary.	✓				✓				
6.5 Risk management is applied to prioritise maintenance tasks.	✓				✓				
6.6 Maintenance costs are measured and monitored.	✓				✓				
7. Asset Management Information System	A				1				
7.1 Adequate system documentation for users and IT operators.	✓				✓				

ASSET MANAGEMENT SYSTEM COMPONENT & EFFECTIVENESS CRITERIA	Process and Policy 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
7.2 Input controls include appropriate verification and validation of data entered into the system.	✓				✓				
7.3 Security access controls appear adequate, such as passwords.	✓				✓				
7.4 Physical security access controls appear adequate.	✓				✓				
7.5 Data backup procedures appear adequate and backups are tested.	✓				✓				
7.6 Computations for licensee performance reporting are accurate.	✓				✓				
7.7 Management reports appear adequate for the licensee to monitor licence obligations.	✓				✓				
7.8 Adequate measures to protect asset management data from unauthorised access or theft by persons outside the organisation.	✓				✓				
8. Risk management	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.	✓				✓				
8.2 Risks are documented in a risk register and treatment plans are actioned and monitored.	✓				✓				
8.3 The probability and consequences of asset failure are regularly assessed.	✓				✓				
9. Contingency planning	A				1				
9.1 Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks.	✓				✓				
10. Financial planning	A				1				
10.1 The financial plan states the financial objectives and identifies strategies and actions to achieve those.	✓				✓				
10.2 The financial plan identifies the source of funds for capital expenditure and recurrent costs.	✓				✓				

ASSET MANAGEMENT SYSTEM COMPONENT & EFFECTIVENESS CRITERIA	Process and Policy 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
10.3 The financial plan provides projections of operating statements (profit and loss) and statement of financial position (balance sheets).	✓				✓				
10.4 The financial plan provides firm predictions on income for the next five years and reasonable indicative predictions beyond this period.	✓				✓				
10.5 The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services.	✓				✓				
10.6 Large variances in actual/budget income and expenses are identified and corrective action taken where necessary.	✓				✓				
11. Capital expenditure planning	A				1				
11.1 There is a capital expenditure plan covering works to be undertaken, actions proposed, responsibilities and dates.	✓				✓				
11.2 The capital expenditure plan provides reasons for capital expenditure and timing of expenditure.	✓				✓				
11.3 The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan.	✓				✓				
11.4 There is an adequate process to ensure that the capital expenditure plan is regularly updated and implemented.	✓				✓				
12. Review of asset management system	A				1				
12.1 A review process is in place to ensure that the asset management plan and the asset management system described in it remain current.	✓				✓				
12.2 Independent reviews (e.g., internal audit) are performed of the asset management system.	✓				✓				

4.5 Detailed Review Observations

The review period is from commencement of the licence on 16 September 2020 to 30 September 2022⁸.

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating	Performance Rating
1		ASSET PLANNING		A	1
1.1	2	Asset management plan covers the processes in this table.	<p>The Newman Water Supply System – Asset Management Plan – Technical Process Instruction was first developed in December 2020 (version 1) and was updated in May 2022 to the current version (version 2).</p> <p>The stated objective of the AMP is “to outline the plan required to ensure the water supply system assets continue to provide a reliable supply of drinking water to the community of Newman and the mine services industrial area (MSIA) in a cost effective and reliable manner throughout their useful life to meet the agreed service levels.”</p> <p>Section 2 of the AMP overviews BHPs approach to the asset lifecycle for the Newman drinking water assets – covering Asset Planning, Asset Acquisition, Asset Operations and Maintenance and eventual Asset Disposal at the end of economic service life. Figure 2 further illustrates the processes for bringing together information on asset performance, condition, risk and required service levels to inform maintenance and improvement plans.</p> <p>The AMP effectively covers the processes in this table and includes references to other documents for further detail.</p>	A	1
1.2	4	Planning processes and objectives reflect the needs of all stakeholders and are integrated with business planning.	<p>The Asset Management Plan states the Newman drinking water assets are managed in accordance with the WA Iron Ore (‘WAIO’) Drinking Water Management Standard (‘the Standard’), which prescribes the plans and procedures directing asset management and risk management.</p> <p>The Standard outlines the principles and requirements for managing drinking water supplies across WAIO. It discusses the regulatory requirements relating</p>	A	1

⁸ Note: As per the Audit and Review Guidelines, recommendations are included for criteria rated as process C or D and/or effectiveness of 3 or 4 in the following table. Recommendations for improvements at higher ratings are no longer required to be reported.

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating	Performance Rating
			<p>to drinking water, which include the requirements and relevant legislation administered by the Department of Mining, Industrial Relations and ('DMIRS'), Department of Health, Department of Water and Environmental Regulation. The Standard also discusses the Water Services Licence granted by the ERA. The principles of the Australian Drinking Water Guidelines ('ADWG') 12 element framework for preventative management of drinking water supplies is also discussed and references provided to other procedures (e.g. Drinking Water Risk Management Procedure) which assist in implement the framework.</p> <p>The Asset Management Plan discusses the customers supplied with drinking water being Water Corporation (who are responsible for reticulating the water to the Newman town), mines sites (not subject to the ERA water licence), commercial and industrial customers and drinking water standpipe customers.</p> <p>The supply to the Water Corporation is operated under a Memorandum of Agreement requiring BHP to meet the Water Corp requirements for drinking water quality and to supply a sufficient quantity of water to the Newman town residents.</p> <p>The Asset Management Plan demonstrates good planning processes to understand future demand requirements, projected impacts on source capacity, asset condition impacts and plans for capital investment to ensure the water supply continues to meet service requirements.</p>		
1.3	4	Service levels are defined in the asset management plan.	<p>Service levels are discussed in section 4 of the Asset Management Plan. These include BHPs objectives to:</p> <ul style="list-style-type: none"> • Protect public health and safety. • Minimise Health, Safety Environment and Community risk. • Meet expectations of continuity and reliability of water supply <p>The Water Corporation's level of service requirements (as contained in the Memorandum of Agreement dated July 1991) together with a proposed measurement basis (indicating the level of service is being met) are included.</p> <p>The service levels provided for customers other than the Water Corporation that BHP supply drinking water to (Mining Site Industrial Area, Alinta Energy and</p>	A	1

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating	Performance Rating
			Yarnima Power Stations and the Shire of East Pilbara Waste Water Treatment Plant) are outlined in individual Service Level Agreements with each customer. A Customer Charter exists and applies to customers other than the Water Corporation, although the individual Service Level Agreements take precedence over the Charter.		
1.4	4	Non-asset options (e.g., demand management) are considered.	Non-asset solutions are required to be considered alongside asset-based solutions. BHPs asset creation process refers to the non-asset solutions as “Optimise With-out”. This requires investment cases to consider how an issue would be approached without capital investment.	A	1
1.5	4	Lifecycle costs of owning and operating assets are assessed.	Section 7 of the AMP provides an overview of the global process used by BHP to define the required capital and operational resources to meet the strategic plans for each business. A brief interpretation of how this applies to the capital investment decisions for the Newman water supply is provided. As further demonstration an example business case was provided showing the consideration of lifecycle cost in making the investment decision.	A	1
1.6	4	Funding options are evaluated.	Consideration of funding options are not relevant to the Newman water supply. The supply is essentially provided to support BHPs mining operations, and whilst customer charges are levied, these represent a minor component of the revenue generated by BHPs operations at Newman.	A	1
1.7	4	Costs are justified and cost drivers identified.	The understanding of costs and cost drivers is demonstrated in the financial budgets for operational expenditure and capital expenditure. The plans include forecast expenditure for the next 5 years and actual expenditure for the previous 3 years.	A	1
1.8	4	Likelihood and consequences of asset failure are predicted.	The process for assessing likelihood and consequence of asset failure is overviewed in the AMP at section 5.3 (Asset Integrity Risk). BHP is moving to a Failure Mode Effects and Criticality Analysis approach which has been carried out for the Newman water supply assets. The analysis identified those assets which pose a criticality level of 5 or greater – these assets remain designated	A	1

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating	Performance Rating
			as critical under Risk Management (as defined by the BHP Risk Management – Our Requirements process).		
1.9	4	Asset management plan is regularly reviewed and updated.	The AMP document was first issued December 2020 and updated to the current version in May 2022. The document control table indicates the next review date as May 2026.	A	1
2		ASSET CREATION / ACQUISITION		A	1
2.1	4	Full project evaluations are undertaken for new assets, including comparative assessment of non-asset solutions.	The initiation phase requires a range of investment alternatives to be generated including the option to “optimise without”. These are developed to identify the preferred investment alternative. The “optimise without” option is carried through together with the preferred investment alternative to the selection phase to enable effective evaluation of the preferred alternative. Example documentation for a filter vessel replacement/refurbishment project was provided demonstrating the consideration of alternative options. In this case, a comparison of the fabrication and installation of new vessels is compared to refurbishment of existing vessels. A discussion of the consequences of not attending to the filter vessels was also included (the Optimise Without Option).	A	1
2.2	4	Evaluations include all life-cycle costs.	A range of criteria is used for the selection of the best investment option. For the filter replacement example provided, the criteria used included safety, impact on existing operation, quality/integrity and Life Cycle Cost as mandatory criteria and constructability and schedule as desirable criteria.	A	1
2.3	4	Projects reflect sound engineering and business decisions.	The project development, options assessment, selection and approval processes reflect sound engineering and business decisions. Example documents provided for the filter vessel project followed BHPs Small Project Management Framework. A statement of requirements document described the required project scope, project boundaries and assumptions, metrics for performance acceptance, project constraints, criteria for basis of design and applicable standards and codes. The investment alternatives document drew	A	1

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating	Performance Rating
			<p>on more detailed engineering reports to summarise the options evaluation referencing the statement of requirements. The documents provide a concise history of the project development and decision making, suitable for the range of stakeholders and approvers to endorse.</p> <p>During the site visit, both borefields were inspected together with the Newman water treatment plant. The condition and performance of the assets were well understood by the site personnel. Recent and planned asset upgrades were discussed. The water treatment plant is relatively complex, incorporating filtration, reverse osmosis, electro-chlorination and a fluoridation project was also in construction. Elements of the plant redundancy were highlighted together with risks to reliable operation. The duty plant operator provided a good safety induction to the facility and provided a brief overview of the system used to monitor and control the plant for 24-hour operation.</p> <p>The state of the assets, the knowledge of the teams providing operations and maintenance, and the processes used in creating new assets indicated sound engineering and business decisions.</p>		
2.4	4	Commissioning tests are documented and completed.	<p>The initial Statement of Requirements document commences the identification of performance testing and commissioning requirements as part of the process for hand over to operations. The filter vessel project (which is not yet delivered) referred to the development of an Inspection Test Plan and Commissioning Plan requirements.</p> <p>An example of a commissioning plan was provided for the Newman electro-chlorination project that was completed prior to the current review period. This is a relatively complex component of the overall treatment process and the commissioning plan document is extensive (178 pages including P&IDs and vendor documents). The steps required to verify operation of each part of the electro-chlorination plant are outlined and the performance requirements referenced in the Test Procedures.</p>	A	1
2.5	4	Ongoing legal/environmental /safety obligations of the asset	In the asset creation phase, the filter vessel project Statement of Requirements document provides a comprehensive list of statutory requirements for health, safety and environmental compliance including:	A	1

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating	Performance Rating
		owner are assigned and understood.	<ul style="list-style-type: none"> Occupational Health, Safety and Welfare Act and Regulations Health Act 2016 Water Supply Act 2012 Environmental Protection Act 1986 Dangerous Goods Safety Act 2004 <p>Requirements also referenced the Australian Drinking Water Guidelines together with the Dept of Health schedules for materials, products and substances in contact with drinking water.</p> <p>The regulatory requirements are also discussed in the Drinking Water Management Standard section 4. This includes:</p> <ul style="list-style-type: none"> ERA Water Services Licence DWER - Groundwater Abstraction Licence, Groundwater Operating Strategies, Source Protection Plan and Aquifer Reviews MoU between Department of Health and BHP for Newman Drinking Water. 		
3		ASSET DISPOSAL		A	1
3.1	4	Under-utilised and under-performing assets are identified as part of a regular systematic review process.	The Asset Integrity Management system assesses when an asset reaches its end of life and replacement is required. This is one of the drivers for a tank replacement project currently in the capital plan for Newman. Based on the analysis undertaken, actions may be implemented such as amendment to maintenance and inspection plans.	A	1
3.2	4	The reasons for under-utilisation or poor performance are critically examined and corrective action or disposal undertaken.	As part of Asset Integrity Management, BHP use a root cause analysis process to review the reasons for poor performance/asset failure. Section 12 of the WAIO Drinking Water Maintenance Management Plan provides an overview of how Asset Disposal decisions are made.	A	1

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating	Performance Rating
3.3	4	Disposal alternatives are evaluated.	As exemplified by the filter vessel replacement project, the options of refurbishment versus replacement considered how the disposal of the vessels would be managed. This considered the logistics, cost and sustainability aspects.	A	1
3.4	4	There is a replacement strategy for assets.	The 5 year capital program identified some major tank replacement projects that had been identified through the Asset Integrity Management system. Inspection plans are in place to monitor the condition of assets assessed as critical. While documentation was not observed, discussion around the approach to asset age and condition indicated all assets had replacement plans in place. It was also noted that mine life also impacts decisions on asset replacement and disposal. For example, planned mining operations will begin to impact areas where drinking water supply bores are located and plans are in place for the development of replacement bore supply capacity.	A	1
4		ENVIRONMENTAL ANALYSIS		A	1
4.1	2	Opportunities and threats in the system environment are assessed.	The AMP adequately sets out the overall system environment. The opportunities and threats are documented in the Risk Assessment and Mitigation Measures document. The risks include detailed risk assessments for categories of risk being ground water system, treatment plant, storage, reticulation and consumers.	A	1
4.2	4	Performance standards (availability of service, capacity, continuity, emergency response, etc.) are measured and achieved.	BHP have developed strong processes that link the risks of delivering safe and reliable water supply to drivers for operations (e.g. critical control point operation) and maintenance (e.g. critical maintenance identification). Service levels are documented in the AMPs, including availability of service, service interruptions and system failure or complaint. These are reviewed on a regular basis.	A	1

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating	Performance Rating
			Over the review period of 2 years, there have been no service interruptions or customer complaints. BHP Iron Ore do at least weekly inspections and have remote monitoring of critical components. There are also contract plumbers and electricians available on call near the plant.		
4.3	4	Compliance with statutory and regulatory requirements.	<p>The Asset Management Plan provides a comprehensive list of statutory requirements for health, safety and environmental compliance including:</p> <ul style="list-style-type: none"> • Occupational Health, Safety and Welfare Act and Regulations • Health Act 2016 • Water Supply Act 2012 • Environmental Protection Act 1986 • Dangerous Goods Safety Act 2004 <p>Requirements also referenced the Australian Drinking Water Guidelines together with the Dept of Health schedules for materials, products and substances in contact with drinking water.</p> <p>The regulatory requirements are also discussed in the Drinking Water Management Standard section 4. This includes:</p> <ul style="list-style-type: none"> • ERA Water Services Licence • DWER - Groundwater Abstraction Licence, Groundwater Operating Strategies, Source Protection Plan and Aquifer Reviews • MoU between Department of Health and BHP for Newman Drinking Water. <p>From review of the reports to the Department of Health and ERA, BHP Iron Ore has complied with the statutory and regulatory requirements.</p>	A	1
4.4	4	Achievement of customer service levels.	Service levels are discussed in section 4 of the Asset Management Plan. These include BHPs objectives to:	A	1

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating	Performance Rating
			<ul style="list-style-type: none"> Protect public health and safety. Minimise Health, Safety Environment and Community risk. Meet expectations of continuity and reliability of water supply <p>The Water Corporation's level of service requirements (as contained in the Memorandum of Agreement dated July 1991) together with a proposed measurement basis (indicating the level of service is being met) are included.</p> <p>The service levels provided for customers other than the Water Corporation that BHP supply drinking water to (Mining Site Industrial Area, Alinta Energy and Yarnima Power Stations and the Shire of East Pilbara Waste Water Treatment Plant) are outlined in individual Service Level Agreements with each customer.</p> <p>From discussions and the site visit, the review confirmed that the service levels re being achieved.</p>		
5		ASSET OPERATIONS		A	1
5.1	4	Operational policies and procedures are documented and linked to service levels required.	<p>Operational policies and procedures are documented in the Newman Water Supply System Operating Procedure. This document was first prepared in 2015 and is currently at revision 9 dated October 2021.</p> <p>The procedure is focused on the operational activities associated with the Homestead Borefield, Ophthalmia Borefield and the Newman Water Treatment Plant. It references the WAIO Drinking Water Management Standard that lists the compliance documents that apply. It is to be read in conjunction with the source protection procedures for the borefields, the Water Maintenance Management Plan and the Newman Drinking Water Quality Compliance Procedure which all form part of the Drinking Water Management System</p> <p>The procedure contains critical control limits for treated water and corrective actions where performance is outside targets. Fault response is discussed together with the escalation process. Operational controls and corrective actions are included as appendices.</p>	A	1
5.2	4	Risk management is applied to prioritise operations tasks.	The Newman Drinking Water Safety and Compliance – Technical Process Instruction discusses the risk assessment process applied to the Newman drinking water supply and associated catchment. The major catchment risks	A	1

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating	Performance Rating
			<p>are outlined in section 3.1. Section 4.1 discusses the Hazard Assessment and Critical Control Point approach applied to the Newman scheme. The significant microbiological risks are summarised across the system from catchment to supply point and the critical control points listed.</p> <p>These risks inform the monitoring and operational activities.</p> <p>A Water Safety Improvement plan has also been prepared with progress against actions at the Water Treatment Plant and borefield listed.</p>		
5.3	4	Assets are documented in an Asset Register including asset type, location, material, plans of components, and an assessment of assets' physical/structural condition and accounting data.	<p>The Newman water supply assets are recorded in the 1SAP asset register. A GIS system was also demonstrated providing a map view of the assets.</p> <p>Asset condition information is contained in the Asset Integrity Management system. Section 5.2 of the AMP provides an outline of how the most recent condition assessment has been undertaken for the water supply assets. Figure 12 summarises the condition assessment ratings and Table 7 identifies the assets with condition rated as poor or very poor.</p>	A	1
5.4	4	Accounting data is documented for assets.	The reviewer sighted the annual Financial Reports for BHP for 2020/21 and 2021/22 prepared by external accountants. This confirms that accounting data is documented in the financial system.	A	1
5.5	4	Operational costs are measured and monitored.	Operational costs are recorded and reviewed against budgets in monthly financial reporting.	A	1
5.6	4	Staff resources are adequate and staff receive training commensurate with their responsibilities.	<p>The Drinking Water Training Pathway document describes the training requirements for all positions that work in or are associated with the supply of drinking water. This includes site-based roles, operational support roles (primarily located in Perth) and project and technical staff who interact during activities such as capital project commissioning. A training matrix is provided at Appendix A indicating the training requirements for each role.</p> <p>The site visit confirmed that staff resources are adequate to maintain the drinking water systems. Work management systems indicated targets for on time completion of maintenance work were being met.</p>	A	1

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6		ASSET MAINTENANCE		A	1
6.1	4	Maintenance policies and procedures are documented and linked to service levels required.	<p>The WAIO Drinking Water Maintenance Management document describes the asset maintenance requirements for water assets to “enable reliable and safe production of drinking water”.</p> <p>The document provides a table of responsibilities for managing assets during different stages of the lifecycle. This identifies many activities associated with maintenance planning including development of maintainability plans, reliability models, spares procurement, training identification, collection of maintenance data trending and analysis, development of ongoing maintenance budgets and undertaking preventative and corrective maintenance.</p> <p>The execution of maintenance tasks is planned, scheduled and confirmed in the 1SAP system and work orders. This ensures maintenance occurs at the defined frequency to ensure ongoing compliance with requirements.</p> <p>Work instructions describe how scheduled maintenance tasks are carried out. Work instructions may be in the form of Preventative Maintenance Instructions, Work Instructions or Inspection and Test Plans.</p>	A	1
6.2	4	Regular inspections are undertaken of asset performance and condition.	<p>The Newman DWSS Critical Maintenance Strategies document includes in Appendix 1 a table of maintenance items, including many inspection activities together with the required inspection frequency.</p> <p>An Excel output from 1SAP of maintenance work orders completed for the period June 2021 to June 2023 demonstrates inspection tasks being scheduled and completed.</p> <p>The Asset Management Plan Section 5 discusses asset performance and condition. The asset condition assessment work undertaken is described with Figure 12 providing a visual summary of asset condition and Table 7 identifying poor condition assets. The use of reactive maintenance records in assessing condition is also described.</p>	A	1

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating	Performance Rating
6.3	4	Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule.	<p>The 1SAP output of work orders for the period June 2021 to June 2023 show the scheduling and completion of maintenance plans. These are either corrective, preventative or emergency/breakdown tasks defined as follows:</p> <ul style="list-style-type: none"> Planned Corrective Maintenance (PM01): Reactive maintenance or Inspection-based corrective tasks. Preventive Maintenance (PM02): Scheduled or time-based maintenance tasks. Breakdown Maintenance (PM03): Urgent reactive maintenance corrective tasks. <p>The Excel export of maintenance tasks (PM01, PM02 and PM03) from 1SAP verified the scheduling and completion of tasks. Not all tasks were completed as scheduled. Whilst on site, BHP Iron Ore demonstrated the use of the “Work Management Dashboard” which displayed rolling data about completion of maintenance tasks in comparison to target. The target for preventative work orders being 90% complete as scheduled. The data showed the target being met. Work orders are reviewed on a weekly basis.</p>	A	1
6.4	4	Failures are analysed and operational/maintenance plans adjusted where necessary.	<p>Failure analysis is part of BHPs Asset Integrity Management approach. A failure mode effects and criticality analysis (FMECA) has been completed for the Newman Water Treatment Plant. This work informs the strategy for activities such as inspections, maintenance and remediation prioritisation. Root Cause Analysis is also applied to asset failures as part of the approach to maintaining ongoing reliability. Section 5 .1 of the Asset Management Plan discusses review of asset failures and maintenance records in assessing system performance.</p>	A	1
6.5	4	Risk management is applied to prioritise maintenance tasks.	<p>The WAIO Water Maintenance Management Plan discusses at section 7.3 Critical Maintenance Work. Critical Maintenance work orders are identified by risk assessment activities such as Hazard Analysis Critical Control Point and Governance Compliance analysis.</p>	A	1

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			<p>Critical maintenance work may be work undertaken to maintain a critical control, work undertaken to verify a critical control is working as designed, work to prevent failure of critical equipment or statutory and regulatory compliance activities.</p> <p>Tagging maintenance work as critical prioritises work in the work management system. Specific approvals are required if the timing of critical work is to be amended.</p>		
6.6	4	Maintenance costs are measured and monitored.	<p>The cost of maintenance activities was observed as being captured against the completed PM01, PM02 and PM03 activities in the records provided.</p> <p>The NPI Reliability Team are responsibility for maintenance data trending and analysis and for developing ongoing maintenance budgets.</p>	A	1
7		ASSET MANAGEMENT INFORMATION SYSTEM		A	1
7.1	4	Adequate system documentation for users and IT operators.	<p>BHP Iron Ore uses the 1SAP asset management system for asset and work management processes. The work management processes defined in 1SAP provide BHP Iron Ore with the ability to identify, plan, schedule, execute and manage multidisciplinary work activities. Work management processes are used for the development of repeatable work plans and strategies, reporting and investigating HSE and other events and management of work execution (e.g. generation of work orders for planning and scheduling work, shutdown management and contractor management). 1SAP is also utilised for data collection and management, analysing performance and documenting asset condition.</p> <p>BHP Iron Ore has established a comprehensive Management System and hierarchy of supporting documentation which defines water supply and sewerage system responsibilities. It includes a range of controlled documents covering health and safety, project development and implementation, operations and maintenance, and training.</p>	A	1

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating	Performance Rating
			All employees have access to current procedures by means of the company intranet.		
7.2	4	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 user when entering manually completed work order requests and updates. Considered adequate.	A	1
7.3	4	Logical security access controls appear adequate, such as passwords.	<p>The BHP Iron Ore Information Technology (IT) Department is responsible for the administration, operation and maintenance of the IT systems.</p> <p>Data is encrypted using AES-128 standard and stored in secure data centres or hosting facilities. Procedures are in place for user authentication, cyber security, IT risk management, incident management and disaster recovery.</p> <p>The IT systems are accessible via authorised computer terminals (on the LAN) and users require a valid account and current password. The computer terminals are not available to the general public and are located in approved lockable buildings. In addition, the IT systems are remotely accessible to authorised users using a two-factor authentication system. Restricted access is given to authorised users of the following systems:</p> <ul style="list-style-type: none"> • Supervisory Control and Data Acquisition (SCADA) systems. • Enterprise Resources Planning system 1SAP. 	A	1
7.4	4	Physical security access controls appear adequate.	<p>The physical access restrictions to the site office in Newman were confirmed during the field visit.</p> <p>All offsite assets (e.g., bores, pump stations, storage tanks, water treatment plant) are located in secure, fenced and locked compounds. Access to systems via Laptop PCs and mobile devices is controlled by passwords, which are required to be changed on a regular basis.</p>	A	1

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating	Performance Rating
7.5	4	Data backup procedures appear adequate and backups are tested.	Data is continually backed up to cloud storage with a managed Information Technology (IT) service provider. There is also a physical back up of the key data systems used BHP Iron Ore to external hard drives. Backups are tested and data backup procedures are sound.	A	1
7.6	4	Key computations related to licensee performance reporting are materially accurate.	From review of source data for the performance reporting, the calculations are considered to be accurate.	A	1
7.7	4	Management reports appear adequate for the licensee to monitor licence obligations.	Service levels are documented in the Asset Management Plan, including availability of service, service interruptions and system failure or complaints. These are reviewed on a regular basis, including quarterly meetings to review all service standards. Minutes of these meetings were sighted.	A	1
7.8	4	Adequate measures to protect asset management data from unauthorised access or theft by persons outside the organisation.	Access to all systems have restricted user access and require passwords that are regularly changed. Data is continuously backed up to cloud storage. There is also a physical back up of the key data systems used by BHP Iron Ore. Backups are tested and data backup procedures are sound.	A	1
8		RISK MANAGEMENT		A	1
8.1	4	Risk management policies and procedures exist and are being applied to minimise internal and external risks associated with the asset management system.	BHP Iron Ore's risks are managed on an enterprise-wide basis in accordance with the group document Risk Management – Our Requirements. The natural diversification in its portfolio of commodities, geographies, currencies, assets and liabilities is a key element in its risk management approach. The ERA Water Services Licence Application – BHP Iron Ore states: <ul style="list-style-type: none"> Risk management is embedded in all critical business activities, functions and processes. Materiality and tolerance for risk are key considerations in decision-making. 	A	1

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating	Performance Rating
			<ul style="list-style-type: none"> Each year the BHP Board reviews and considers the risk profile for the whole Group. This risk profile covers both operational and strategic risks. The risk profile is assessed to ensure it supports the achievement of the Group's strategy while maintaining a solid 'A' credit rating. Risk issues are identified, analysed and assessed in a consistent manner. Performance requirements exist for the identification, assessment, control and monitoring of material risk issues that could threaten the corporate purpose and business plans. 		
8.2	4	Risks are documented in a risk register and treatment plans are actioned and monitored.	<p>The risk assessment of drinking water assets is included in Section 5 of the Asset Management Plan. The specific risks include the failure of assets and other interruptions to supply, as well as safety and financial risks. The likelihood and consequences of failure, including mitigation measures, are assessed. The process is consistent with the BHP global risk management principles outlined in the Risk Management – Our Requirements document. Further details are included in the Drinking Water Supply Asset Integrity Risk Assessment document. The risk assessments in the AMP are reviewed at least every 2 years.</p> <p>The Newman Drinking Water Safety and Compliance – Technical Process Instruction discusses the risk assessment process applied to the Newman drinking water supply and associated catchment. The major catchment risks are outlined in section 3.1. Section 4.1 discusses the Hazard Assessment and Critical Control Point approach applied to the Newman scheme. The significant microbiological risks are summarised across the system from catchment to supply point and the critical control points listed.</p>	A	1
8.3	4	The probability and consequences of asset failure are regularly assessed.	The likelihood of failure assessment is based on an asset's visual assessment of condition. The likelihood is assessed with preventive controls (scheduled maintenance, inspections and condition assessment) in place. The consequence severity assessment considers impacts that apply to safety and financial loss, environmental impacts arising from the water supply operations are not covered in this assessment. The consequence is assessed with	A	1

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating	Performance Rating
			<p>mitigating controls (duty/standby arrangement, critical spares, equipment interchangeability and emergency response) in place.</p> <p>The risks are regularly reviewed in quarterly meetings.</p> <p>This process is consistent with the BHP global risk management principles outlined in 'Risk Management – Our Requirements'.</p>		
9		CONTINGENCY PLANNING		A	1
9.1	2	Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks.	<p>Contingency plans are documented in the WAIO Event Management Procedure (July 2022). This considers a range of possible events including drinking water quality events and any other interruptions to the water supply services.</p> <p>Section 8.2 states that staff shall have and maintain training in accordance with the WAIO Drinking Water Management Standard and the Drinking Water Training Pathway Technical Process Instruction. Staff shall be responsible for maintaining full compliance with their training profiles. It is the responsibility of Supervisors to ensure that fully trained and competent technicians are mobilised to respond to an event. It is also the responsibility of Supervisors to be aware of all the response plans. Where it is feasible, all staff shall practice the core competencies that are utilised in event responses.</p> <p>There is also the NPI Business Continuity Plan – Provision of Potable Water Newman Township. Its purpose is to minimise business and community impacts caused by a supply disruption or a 'low tank level' event from the Newman Water Treatment Plant.</p> <p>There is also a Response for Water Quality Event procedure.</p> <p>A mock water quality event exercise was conducted with participants from BHP Western Australian Iron Ore (WAIO), Water Corporation (WC) and the Department of Health (DoH) in June 2023. The exercise plan was to test the response by the participants to a water quality event. The exercise as completed and several improvements were identified and are being actioned. A summary of the event was reviewed.</p>	A	1

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating	Performance Rating
			Overall, the contingency plans are well documented, understood and tested to confirm their operability and to cover higher risks.		
10		FINANCIAL PLANNING		A	1
10.1	4	The financial plan states the financial objectives and strategies and actions to achieve the objectives.	Consideration of funding options is not relevant to the Newman water supply. The supply is essentially provided to support BHPs mining operations, and whilst customer charges are levied, these represent a minor component of the revenue generated by BHPs operations at Newman. The Asset Management Plan includes the historical expenditure on key projects in 2016/17 and 2018/19. Future expenditure is dependent upon mining activity and the forecast drinking water demand from 2019/20 to 2024/25.	A	1
10.2	4	The financial plan identifies the source of funds for capital expenditure and recurrent costs.	Consideration of funding options is not relevant to the Newman water supply. The supply is essentially provided to support BHPs mining operations, and whilst customer charges are levied, these represent a minor component of the revenue generated by BHPs operations at Newman.	A	1
10.3	4	The financial plan provides projections of operating statements (profit and loss) and statement of financial position (balance sheets).	Consideration of funding options are not relevant to the Newman water supply. The supply is essentially provided to support BHPs mining operations, and whilst customer charges are levied, these represent a minor component of the revenue generated by BHPs operations at Newman.	A	1
10.4	4	The financial plan provides firm predictions on income for the next five years and reasonable indicative predictions beyond this period.	Consideration of funding options is not relevant to the Newman water supply. The supply is essentially provided to support BHPs mining operations, and whilst customer charges are levied, these represent a minor component of the revenue generated by BHPs operations at Newman.	A	1
10.5	4	The financial plan provides for the operations and maintenance, administration	An annual operating budget is prepared identifying monthly expenditure. There is evidence of comparison of the annual budget to the previous year's actuals.	A	1

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating	Performance Rating
		and capital expenditure requirements of the services.			
10.6	4	Significant variances in actual/budget income and expenses are identified and corrective action taken where necessary.	An annual operating budget is prepared identifying monthly expenditure. There is evidence of comparison of the annual budget to the previous year's actuals.	A	1
11		CAPITAL EXPENDITURE PLANNING		A	1
11.1	4	There is a capital expenditure plan that covers issues to be addressed, actions proposed, responsibilities and dates.	The Asset Management Plan (Section 7) include a structured approach for developing capital programs and budgets (in conjunction with the BHP Corporate Alignment Planning (CAP) - Our Requirements procedure. At the conclusion of each CAP cycle, capital programs and budgets are allocated by to BHP Iron Ore for the coming financial year but these are subject to change by management, depending on business circumstances. The capital budget information presented in this section is based on current knowledge and is subject to annual review following the BHP CAP process. The Newman Capital Plan includes the projected capital expenditure for the next five years.	A	1
11.2	4	The plan provides reasons for capital expenditure and timing of expenditure.	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 Management Plan. The Plan include the expected capital expenditure for 5 years. The auditor confirmed that any major water works would include obtaining regulatory approvals and giving notice to the community and stakeholders. The BHP – Capital Projects sets out the requirements for any capital projects of US\$2 million or greater including approvals to be obtained.	A	1

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating	Performance Rating
11.3	4	The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan.	The reviewer confirmed the Capital Plan is based on review of the condition of the assets and the estimated life of the assets as recorded in the Asset Management Plan. The asset life is also stated in the plans.	A	1
11.4	4	There is an adequate process to ensure that the capital expenditure plan is regularly updated and actioned.	The AMP includes review and update as required or if major changes occur. The capital expenditure planning process is considered adequate for the drinking water assets.	A	1
12		REVIEW OF ASSET MANAGEMENT SYSTEM		A	1
12.1	4	A review process is in place to ensure that the asset management plan and the asset management system described therein are kept current.	The Asset Management Plan and the supporting documents for the asset management system include reviews every 2, 3 or 4 years. The documents sighted in the review had version control showing review dates from 2021 to 2023.	A	1
12.2	4	Independent reviews (e.g., internal audit) are performed of the asset management system.	Independent reviews of specific elements of the water services have been conducted during the review period by external contractors as required. An independent review is also performed (by the ERA appointed auditors) every 24 months as required by the licence or longer period as specified by the ERA.	A	1

4.6 Review Recommendations

Table of Current Review Asset System Deficiencies and Recommendations

A. Resolved during 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 review period
Nil			

B. Unresolved during 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			

Appendix A - Methodology

A1. Audit and Review Approach

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

Audit and Review Planning

- Conduct an initial meeting with the ERA to confirm the audit/review approach and timing for the audit and review (*not required*).
- Contact the licensee to gain an understanding of the business, relevant management plans and systems that may affect the risk assessment for planning purposes.
- Prepare a risk assessment including any specific factors or changes relevant to the licensee (in tabular form against each licence condition and asset management system component).
- Submit a draft **Audit and Review Plan**, including the risk assessment and proposed approach, to the ERA for review and approval.
- Send a **Pre-Visit Checklist** of information and documentation to the licensee to enable staff to prepare for the visit (and where possible, send us information prior to the site visit).

Fieldwork

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

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

Audit and Review Reporting

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

A2. Key Documents Reviewed

Regulatory Documents and Reports

- *Water Services Act 2012*
- *Water Services Regulations 2013*
- 2019 Audit and Review Guidelines: Water Licences (updated August 2022)
- Water Compliance Reporting Manual 2021
- ERA Water Services Licence Application - Newman Drinking Water Services - BHP Iron Ore
- Water Services Operating Licence WL53 – Version 1
- Map of Licence Operating Area OWR-OA-319 and OWR-OA-320
- Compliance reports to ERA for 2020/21 and 2021/22
- Performance reports to ERA for 2020/21 and 2021/22
- Performance reporting datasheets for 2020/21 and 2021/22.
- Water, Sewerage and Irrigation Licence Performance Reporting Handbook 2022
- Relevant correspondence between the Licensee and the ERA

Operational Audit

- BHP Annual Reports for 2020/21 and 2021/22
- Customer Charter – Newman Drinking Water
- Newman Drinking Water Customer Management Technical Process Instruction
- ERA Licence Fee invoices and payment advice
- MOU with Department of Health
- Quarterly Potable Water Reports to Department of Health – Sept. 2021 to June 2023

- NWTP Compliance Register
- Memorandum of Agreement with the Water Corporation.
- Newman Drinking Water - Customer Charter.

Asset Management System Review

- Newman Water Supply System – Asset Management Plan – Technical Process Instruction
- Drinking Water Management Standard
- Memorandum of Understanding between the Department of Health and BHP Iron Ore for Drinking Water
- WAIO Drinking Water Maintenance Management Plan
- Source Protection Plans
- Newman Water Supply Operating Procedure
- Newman Drinking Water Incident Response Plan.
- WA Iron Ore Water Event Management Procedure
- Service Level Agreement template (for commercial customers)
- HSEC Licences and Approvals procedure
- WA Iron Ore ('WAIO') Drinking Water Management Standard
- BHP Risk Management – Our Requirements process
- BHPs Small Project Management Framework.
- Filter vessel project Statement of Requirements document
- Project document examples for the filter vessel replacement/refurbishment project
- Commissioning plan for the Newman electro-chlorination project
- Newman Drinking Water Safety and Compliance – Technical Process Instruction
- Drinking Water Training Pathway
- Newman DWSS Critical Maintenance Strategies
- 1SAP output of work orders for the period June 2021 to June 2023
- Risk Management – Our Requirements
- Drinking Water Supply Asset Integrity Risk Assessment
- BHP – Capital Projects
- Newman Capital Plan
- Technology Extended Loss Plan
- Technology Cyber Security User Access Management Standard
- WAIO Event Management Procedure
- NPI Business Continuity Plan – Provision of Potable Water Newman Township
- Insufficient Supply of Drinking Water Bowtie
- Response for Water Quality Event procedure
- Mock water quality event exercise

A3. Key Contacts

The licensee’s representatives participating in the audit were:

- Christien Ehrhardt - Superintendent Water – Operational Technical and Compliance Non Process Infrastructure (NPI) – Maintenance and Water
- Tony Biundo - Water Operations Specialist – Portfolio NPI / Water OTC Team

A4. Consultants

NAME AND POSITION	BUDGET HOURS
Geoff White - Director	30
Susan Smith - Manager	25
Geoff Hughes – Principal Engineer	25
TOTAL	80

END OF REPORT