

# Decision on Water Licence Application

Robe River Mining Co Pty Ltd

9 April 2015

**Economic Regulation Authority**

WESTERN AUSTRALIA

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## Decision

1. Pursuant to section 11 of the *Water Services Act 2012 (Act)*, the Economic Regulation Authority (**Authority**) grants Robe River Mining Co Pty Ltd (**Robe River**) Water Services Licence No. 45 (**WL45**) to provide:
  - potable water supply services; and
  - sewerage servicesto the town of Pannawonica in the Pilbara (the specific operating area is specified in the licence).
2. The grant is subject to and in accordance with the terms and conditions in the licence for a period of 25 years.

## Reasons

3. Robe River currently supplies potable water and sewerage services to Pannawonica under a licence exemption granted pursuant to section 7 of the Act by the Minister for Water on 18 October 2013 for a period of 18 months. Consequently, Robe River's licence exemption expires on 18 May 2015 and it is required to obtain a water services licence to continue to provide water services to Pannawonica after this date.
4. The Minister for Water granted the licence exemption to Robe River for a period of 18 months as a transitional measure to allow Robe River time to obtain a licence under the Act.
5. On 17 February 2015, Robe River applied for a water services licence to provide potable water supply and sewerage services to Pannawonica.
6. The Authority called for public submissions on the licence application by 25 March 2015. One submission was received from the Department of Health (**DoH**). DoH responded that it supports Robe River's application for a water services licence application, provided that Robe River's licence requires it to enter into a Memorandum of Understanding with DoH regarding potable water supply.<sup>1</sup>
7. Under section 11(1)(a) of the Act, the Authority must grant a licence authorising the provision of one or more classes of water service if satisfied that the applicant:
  - has, and is likely to retain, for each class of water service, the financial and technical ability to provide the service in the operating area or areas to be specified for the service; or
  - will acquire within a reasonable time after the grant, and is then likely to retain, that ability.

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<sup>1</sup> Clause 31 of Robe River's water licence WL45 requires it to enter into a Memorandum of Understanding with DoH regarding the supply of potable water as soon as practicable after the licence is granted.

8. Section 11(1)(b) of the Act states that the Authority must grant a licence if it is satisfied that it would not be contrary to the public interest to do so. Section 46 of the Act specifies what matters the Authority must take into account (to the extent it considers them relevant) when considering section 11(1)(b).
9. The Authority engaged financial and technical consultants to examine the financial and technical ability of Robe River to provide the water services.
10. Following the assessment of Robe River's application:
  - the financial consultant found that Robe River will acquire within a reasonable time after the grant, and is then likely to retain, the financial ability to provide the water services that will be covered by the licence; and
  - the technical consultant found that Robe River has the technical ability to provide the water services that will be covered by the licence.
11. The Authority has considered the licence application, including the consultants' assessments conducted for the purpose of the licence application, and is satisfied that Robe River meets the requirements of section 11(1)(a) of the Act.
12. In its consideration of the licence application, the Authority also considered section 11(1)(b) of the Act, including the matters set out in section 46 of the Act and Robe River's ability to undertake the activities authorised by the licence.
13. The Authority is satisfied that granting a water services licence (potable water supply and sewerage services) to Robe River would not be contrary to the public interest.