



Notice

2 December 2016

Hamersley Iron Pty Ltd

2016 OPERATIONAL AUDIT AND ASSET MANAGEMENT SYSTEM REVIEW

The Economic Regulation Authority (**ERA**) has published the following for Hamersley Iron Pty Ltd's water services licence WL33 (potable water and sewerage services):

- [2016 operational audit \(**audit**\) and asset management review \(**review**\) report](#)
- [2016 post-audit and post-review implementation plan](#)

The ERA's Decision

The ERA considers that Hamersley has demonstrated a satisfactory level of compliance with the licence, and has an effective asset management system. It has decided to maintain the audit and review period at 36 months. The next audit and review will cover 1 July 2016 to 30 June 2019; with the report due by 30 September 2019.

Hamersley is providing non-potable water without a licence. Treated effluent from the Dampier sewerage treatment plant is disinfected and then used as needed to irrigate the town's sports oval.

Hamersley's post-audit and post-review implementation plan states that it will address all of the auditor's recommendations by 31 December 2017. However, the ERA has requested Hamersley complete the recommendation covering the non-potable water supply licensing issue by 30 June 2017. Hamersley can achieve compliance by amending the licence or receiving an exemption from the Department of Water.

Background for the ERA's decision

Audit

Of the 183 obligations that were assessed in the audit, 69 obligations were deemed compliant, but no controls assessment was performed (NP1); 98 were not rated due to the lack of rateable activity; and four obligations were deemed not applicable to Hamersley's operations.

The main findings were:

- one obligation achieved the highest rating of A1 (adequate controls, compliant);
- one obligation was rated B1 (controls improvement needed, compliant); and
- eight obligations¹ were rated B2 (controls improvement needed, minor non-compliance).

In addition, the auditor identified in the review that Hamersley provided non-potable water without a licence to irrigate the town's oval in Dampier. Consequently, the ERA considers that Hamersley

¹ The audit found nine non-compliances, because one obligation related to two non-compliances.



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was non-compliant with section 5.1 of the *Water Services Act 2012*.² In total, there were 10 non-compliances covering eight licence obligations.

Review

The review rated the effectiveness of Hamersley's asset management system, using the 12-component model prescribed by the ERA's *Audit and Review Guidelines: Water Licences*. The auditor rated all of the 12 asset management components A1 (fully effective, highest rating). One sub-component was rated B2,³ due to Hamersley providing non-potable water in Dampier without a licence.

For further information contact:

General Enquiries

Paul Reid
Economic Regulation Authority
Phone: 08 6557 7976
Email: records@erawa.com.au

Media Enquiries

Tracy Wealleans
Economic Regulation Authority
Phone: 0428 859 826
Email: communications@erawa.com.au

² Obligation 156 requires compliance with the Act: a person should only provide a water service under a licence.

³ B2: policy and performance require improvement.