



# Notice

18 July 2023

## BHP Nickel West Pty Ltd

### 2022 Operational audit and asset management system review

The Economic Regulation Authority has published the 2022 [operational audit and asset management system review report](#) and the [post-audit and post-review implementation](#) for BHP Nickel West Pty Ltd's (BHP) water services licence WL52.

BHP supplies potable water and sewerage services in the mining town of Leinster, located approximately 600 kilometres north-east of Perth. There are 314 connected properties for potable water and 297 properties for sewerage services. While most of the properties are residential, there are a small number of commercial and community premises. BHP provides the town's water and sewerage services free of charge.

#### The ERA's decision

The ERA considers that BHP has achieved an adequate level of compliance with its licence and has decided to maintain the audit period at 24 months. The next audit will cover the period 1 October 2022 to 30 September 2024, with the report due by 31 December 2024.

The ERA considers that BHP had an effective asset management system during the review period, and has decided to increase the review period from 24 to 36 months. The next review will cover the period 1 October 2022 to 30 September 2025, with the report due by 31 December 2025.

#### Audit and review findings

##### Audit

The audit of the 191 licence obligations applicable to BHP found 12 non-compliances and 15 controls deficiencies.

Four of the non-compliances and control deficiencies occurred because BHP did not meet its obligations under the *Water Services Code of Practice (Family Violence) 2020* (Code). While BHP has an internal Global Family and Domestic Violence Support Policy, it does not meet all the requirements of the Code.

The other non-compliances and control deficiencies were due to:

- BHP not having a signed Memorandum of Understanding (MOU) with the Department of Health (DoH).<sup>1</sup>

<sup>1</sup> An MOU outlines how the licensee will manage drinking water quality and events of public health significance. Licensees that supply potable water are required to enter into an MOU with DoH as soon as practicable after the licence commences or as otherwise agreed with DoH.

- BHP's complaints procedure not having reference a customer's ability to request a review of any decision or the option to refer the complaint to the Water Ombudsman. Although hard copies of the complaint's procedure are available at no charge on request, it was not published on the BHP website.
- BHP's website not having a link to the current version of the *Water Services Code of Conduct (Customer Service Standards) 2018*.
- BHP not having a preserved supply register to provide to the auditor.<sup>2</sup>
- BHP submitting annual performance data late to the ERA, which included minor errors (BHP resolved this non-compliance during the audit period by improving its data collection and verification processes).
- Late payment of the 2021/22 annual licence fee.

The auditor made seven recommendations to address the non-compliances and controls deficiencies. The post-audit implementation plan states that BHP will resolve all the recommendations by 30 November 2023.

## Review

The assessment of the 12 asset management system processes prescribed in the ERA's *2019 Audit and Review Guidelines: Water Licences* found one asset management system deficiency, which was in contingency planning.

As part of the MOU, BHP is required to conduct annual testing of the Incident Response Plan, alternating between desktop and field exercises in conjunction with DoH. As the MOU has not been finalised, the desktop and field exercises were not conducted. In addition, BHP was required to review and update the plan in August 2022, but failed to do so.

The auditor made one recommendation to address the deficiency. The post-review implementation plan states that BHP will address the recommendation by 1 September 2023.

## The ERA's assessment of the audit and review findings

### Audit

As the non-compliances and control deficiencies found in the audit have the potential to affect BHP customers, they must be addressed promptly.

BHP has a family and domestic violence policy for its staff that is available on its website, but it does not comply fully with the Code. BHP's customers in Leinster are also its employees and therefore it assumed its internal policy for family and domestic violence would be sufficient for its needs. However, the auditor found that the policy does not meet all the requirements of the Code. BHP has committed in its post-audit implementation plan to resolve the non-compliances by 30 November 2023.

BHP informed the ERA that the MOU for potable (drinking) water with DoH is approximately 80 per cent complete and will be finalised by 30 September 2023. One requirement of the MOU requires BHP to do quarterly water quality testing, publish the results and submit them to DoH. Despite the MOU not being in place, BHP has been doing this since June 2021.

BHP did not have a preserved supply register during the audit period. However, it did not disconnect or reduce the flow of water to any properties during the audit period. As BHP supplies water and

---

<sup>2</sup> A 'preserved supply register' is a register of properties where a person resides who needs water for a dialysis machine or for a special need, which the licensee must not disconnect or reduce the rate of flow of water for failing to pay a bill.

sewerage services free of charge, residents and businesses do not receive a bill and will not have their water flow reduced for not paying a bill. BHP has advised that it will conduct an audit of its supply addresses to confirm if it has any residents in Leinster that should be on a preserved supply register. BHP has committed in its post-audit implementation to do this by 30 September 2023.

BHP's customer complaints procedure was not available on its website and did not reference a customer's ability to request a review of any decision or the option to refer the complaint to the Water Ombudsman. As BHP does not charge for its water and sewerage services, it is unlikely to receive complaints about its services. However, it must still have a code-compliant procedure published on its website. BHP has committed to resolving these two non-compliances by 30 September 2023.

The ERA does not consider the non-compliances warrant compliance enforcement action under the *Water Service Act 2012*. However, due to the number and nature of the non-compliances, the ERA has decided to maintain the audit period at 24 months, which is the shortest period allowed under the Act.

The ERA will monitor BHP's progress in completing the action items in its post-audit implementation plan.

### **Review**

The auditor found that BHP had an effective asset management system during the review period and is delivering a reliable service to its customers. The one asset management system deficiency relating to contingency planning had no impact on the services provided to customers, with BHP providing a good level of service during the review period.

Accordingly, the ERA has decided to increase the review period to 36 months.

### **Further information**

#### General enquiries

Alex Kroon  
Ph: 08 6557 7989  
[info@erawa.com.au](mailto:info@erawa.com.au)

#### Media enquiries

Danielle Asarpota  
Ph: +61 428 859 826  
[media@erawa.com.au](mailto:media@erawa.com.au)