



# Notice

21 December 2023

## BHP Iron Ore Pty Ltd

### 2023 Operational audit and asset management system review

The Economic Regulation Authority has published the [2023 operational audit and asset management system review report](#) and the [post-audit implementation plan](#) for BHP Iron Ore Pty Ltd's water services licence WL53.

BHP provides potable (drinking) water to the Water Corporation for distribution to the Newman township under a Memorandum of Agreement. BHP owns and operates the infrastructure that supplies the potable water to the Water Corporation.

BHP has nine commercial customers in the mining area surrounding Newman.<sup>1</sup> These commercial customers have Service Level Agreements with BHP. BHP has no residential customers (the Water Corporation supplies potable water to the residential customers in Newman).

Except for the Water Corporation, BHP does not charge its customers for the potable water it supplies.

Newman is predominantly a mining town, located 1,186 kilometres north of Perth. With a population of 6,456, Newman is the largest town in the East Pilbara.

### The ERA's decision

The ERA considers that BHP has achieved a high level of compliance with its licence and has an effective asset management system.

The ERA has decided to increase the audit and review period from 24 to 48 months. The next audit and review will cover the period 1 July 2023 to 30 June 2027, with the report due by 30 September 2027.

### Audit and review findings

#### Audit

The audit of the 191 licence obligations applicable to BHP found one minor non-compliance, which related to the installation of fire hydrants. The fire hydrants in Newman's Mine Industrial Area do not comply with the Water Corporation's spacing requirements. To comply with the requirements, five additional fire hydrants are required. BHP Iron Ore is currently developing a detailed design and location plan for the installation of the new hydrants. This is considered a minor non-compliance.

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<sup>1</sup> This area includes the Mine Services Industrial Area, Alinta Energy and Yarnima Power Stations and the Shire of East Pilbara Wastewater Treatment Plant.

The auditor made one recommendation to address the non-compliance. The post-audit implementation plan states that BHP will address the recommendation by 30 June 2024.

## **Review**

The 12 asset management system processes prescribed in the ERA's *2019 Audit and Review Guidelines: Water Licences* are broken down into 58 effectiveness criteria. The auditor found no asset management system deficiencies.

As the auditor did not identify any asset management system deficiencies, no recommendations were made, and a post-review implementation plan was not required.

## **Further information**

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