

REPORT ON AUDIT FINDINGS

SUBSEQUENT LICENCE PLAN AUDIT SCOPE GROUNDWATER TREATMENT PLANT BOTANY INDUSTRIAL PARK

For the period
23rd April 2012 to 29th November 2013

PREPARED FOR THE

INDEPENDENT PRICING AND REGULATORY TRIBUNAL

WASTEWATER FUTURES

UNIT 6 / 120 BLUESTONE CIRCUIT
SEVENTEEN MILE ROCKS QLD 4073
AUSTRALIA

DATE	REV	STATUS	PREPARED	VERIFIED	AUTHORISED
28/2/2014	1	Draft for comment	D Deere, G Leslie, J Dwyer	D Deere	J Doyle
07/3/2014	2	Final to Orica	D Deere, G Leslie, J Dwyer	D Deere	J Doyle
22/5/2014	3	Final	D Deere, G Leslie, J Dwyer	D Deere	J Doyle

2 EXECUTIVE SUMMARY

Overview

The Independent Pricing and Regulatory Tribunal (IPART) issued a Network Operator Licence (No. 12_016) and a Retail Supplier Licence (No. 12_017R) to Orica Australia Pty Ltd (Orica) for the Groundwater Treatment plant (GTP) located on the Botany Industrial Park (BIP) on the 23rd of April 2012.

The GTP infrastructure consists of a series of groundwater extraction wells, gas and liquid treatment facilities and treated water storage and distribution pipes. The GTP was built to contain and treat contaminated groundwater in the Botany Sands Aquifer. Water produced from the GTP is suitable for use in industrial processes and is supplied to three customers located on or in the vicinity of the BIP. During this audit period, the plant produced on average 4.0 million litres of treated water per day (MLD) or a total volume of 2,322 ML, but has a capacity to produce more water if required.

GTP activities are regulated via permits or agreements with NSW Government departments. Orica have provided unconditional and irrevocable bank guarantees for \$35 M for the on-going operation costs of the GTP until such time as the EPA is satisfied that the premises are environmentally secure.

As a Network Operator, Orica is required to audit compliance of the Licence Plans with the relevant guidelines and standards, and their adequacy. An initial audit of the Infrastructure Operating Plan (IOP) and supporting documentation submitted by Orica, as required by Schedule 1 clause 6 (3) of the *Water Industry Competition (WIC) Regulation 2008* was completed in 2012. Also, the Water Quality Plan (WQP) was audited, as required by Schedule 1 Clause 7(5). The audits found the documents to be *fully adequate* for the purposes of describing the systems and procedures necessary to execute activities and practices at the GTP.

The Subsequent Licence Audit of the GTP considers the Water Quality Plan and the Infrastructure Operating Plan prepared by Orica for the scheme and specifically the areas which were less than 'fully Adequate' in a previous audit (Completed in December 2012). In this case all items were deemed compliant.

Key Audit Findings and Recommendations

Subsequent Licence Water Quality Plan Audit

<i>Specific Clauses / Sub-Clause Audited</i>	<i>Compliance</i>	<i>Recommendations (Where Made)</i>
<i>IOP Audit</i>	■ Compliant	<i>No recommendation</i>
<i>Audit Element 2</i>	■ Compliant	<i>No recommendation</i>
<i>Audit Element 3</i>	■ Compliant	<i>No recommendation</i>
<i>Audit Element 4</i>	■ Compliant	<i>No recommendation</i>
<i>Audit Element 9</i>	■ Compliant	<i>No recommendation</i>