

**EXAMINATION OF THE AUDITOR-GENERAL'S
PERFORMANCE AUDIT REPORTS SEPTEMBER
2013 – JULY 2014**

Organisation: Department of Industry

Date Received: 4 September 2015



Department
of Industry

Office of the Secretary

SECO15/400

Mr Bruce Notley-Smith MP
Chair, Public Accounts Committee
Parliament of New South Wales
Macquarie Street
SYDNEY NSW 2000

Dear Mr Notley-Smith

Auditor-General's Report on Managing Contaminated Sites

Thank you for your letter of 10 August 2015, requesting a submission from the NSW Department of Industry, Skills and Regional Development outlining its action to date in response to the recommendations of the Auditor-General's *Report on Managing Contaminated Sites* and feedback on the audit. The Department's response is enclosed.

Should you require any further information, please contact Ms Sian Malyn, Chief Audit Executive on tel. 9842 8034 and email: sian.malyn@industry.nsw.gov.au.

Yours sincerely

Simon A Y Smith
Secretary

Encl



IMPLEMENTATION OF RECOMMENDATIONS

Response from the Department of Industry, Skills and Regional Development

Managing Contaminated Sites

RECOMMENDATION	ACCEPTED OR REJECTED	ACTIONS TO BE TAKEN	DUE DATE	STATUS and COMMENT	RESPONSIBILITY
<p>1 By December 2014, develop policies and procedures to minimise the risks and liabilities associated with contaminated land during the purchasing, selling, leasing or transferring of Crown land. These could include:</p> <ul style="list-style-type: none"> ▪ having the owner of land carrying out environmental baseline investigations prior to DTIRIS purchasing land ▪ having DTIRIS carry out environmental baseline investigations prior to selling land ▪ having the previous lessee carry out environmental baseline investigations prior to DTIRIS leasing land (based upon risk and land value) ▪ special contract clauses disclosing the condition of land at transaction point ▪ securing a bond / financial assurance for potentially contaminating activities conducted on leased Crown land ▪ environmental management lessee conditions and ongoing monitoring. 	Accepted	<p>a) Develop Crown Land Sale and Leasing Policy and Procedures, inclusive of specific provisions to minimise risks and liabilities associated with contaminated land.</p> <p>b) Amend sales contracts and lease conditions to comply with Crown Land Sale and Leasing Policy and Procedures.</p>	December 2014	<p>Completed</p> <p>Developed Contaminated Land Operating Procedures in collaboration with all affected business units.</p> <p>Integrated contaminated land procedures with property transaction procedures covering acquisition, divestment, leasing, licencing, Aboriginal Land Claims, landowners consent and development consent processes.</p> <p>In progress</p> <p>Developed draft best practice contract conditions which are currently under legal review, in order to facilitate an appropriate level of due diligence by DPI-Lands and an appropriate allocation of risks through property transactions.</p>	Department of Primary Industries (DPI) - Lands



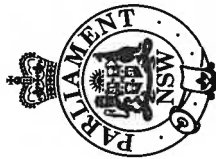
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2	By December 2015, DTIRIS should develop a comprehensive plan for ongoing investigation, assessment and management of its known and suspected contaminated sites, including prioritisation processes, timeframes and resources to achieve this.	Accepted	Develop Crown Lands Contaminated Land Management (CLM) 2015-2018 Project Plan, to guide the ongoing investigation, assessment and management of contaminated sites.	December 2015	<p>In progress and on track.</p> <p>Drafted a Program Management Plan and specific Project Plans to guide delivery of the CLM Program.</p> <p>Developed land use categories across the portfolio in alignment with the National Environment Protection Measure (Assessment of Site Contamination) (NEPM).</p> <p>Developed customised risk matrices for each land use category.</p> <p>Completed a Portfolio Risk Assessment to inform the proactive CLM Program.</p>	DPI - Lands
3	By September 2014, assess its sites ranked as high risk, as a matter of urgency, and notify those that meet the reporting requirements under s.60 of the CLM Act	Accepted with qualification June 2015 is a more realistic date for completion	Develop Project Plan. A Project Steering Committee has been formed to guide the program and a contractor engaged to carry out preliminary site investigations of high risk sites; to inform reporting requirements.	June 2015	<p>Completed</p> <p>Completed preliminary assessment of sites ranked as high risk.</p> <p>Completed a portfolio risk assessment to identify high risk land use categories</p> <p>Prepared Project Plans for 3 high risk land use categories.</p>	DPI - Lands
4	By December 2014, ensure that the impact of contamination is considered in the valuation of Crown land and a provision made for remediation for contaminated land, particularly for those sites that have been investigated such as Coffs Harbour Slipway and the former antimony processing plant in Urunga	Accepted with qualification	Procedures have been developed to account for valuation of significantly contaminated land subject to regulation under the Contaminated Land Management Act.	December 2014	<p>Completed</p> <p>Procedures are in place to account for contamination liability in financial statements once identified.</p>	DPI - Lands



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5	By June 2015, implement the recommendations from its internal review of Derelict Mines Program targeted at improving program performance and integrity	Accepted	Implement the Derelict Mines Program Identified Improvement Program.	June 2015	<p>Completed</p> <p>All items addressed in the separate 2013 internal review of the NSW Derelict Mines Program have been finalised.</p> <p>A meeting was also held with the EPA in April 2015 to discuss synergies between the two departments. As a result the Department of Industry has prepared a draft MoU that is currently under consideration by the EPA.</p>	Resources & Energy Division - Environmental Sustainability
6	By June 2015, review the currency of the cattle dip site program including: <ul style="list-style-type: none"> the risks associated with cattle dip sites due to changing factors, including urban encroachment and changes of land use revisiting its methodology for selecting sites for decommissioning updating its information on the status of dip sites. 	Accepted	Conduct a review of the cattle dip site program in 2014-15.	June 2015	<p>Completed</p> <p>The EPA has:</p> <ul style="list-style-type: none"> reviewed the Cattle Tick Unit's document - "Overview of the operational management of cattle dip sites by the Cattle Tick Unit, NSW DPI". made comments and recommendations regards the management of the dip sites program which Biosecurity NSW is now considering. <p>DPI Lands has prepared a Project Plan to identify and:</p> <ul style="list-style-type: none"> evaluate the risk profile for Cattle Dip Sites on Crown land, implement best-practice remediation and/or management strategies to mitigate contamination risks. 	DPI - Biosecurity



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7	By September 2014, confirm with relevant local Councils that former cattle tick dip sites are recorded on the s149 certificate issued under the <i>Environmental Planning and Assessment Act 1979</i> for affected parcels of land	Accepted	Relevant councils being contacted for advice.	September 2014	Completed Confirmation received from relevant Northern Rivers Councils that Cattle Dip Site notations are included on s149 certificates.	DPI - Biosecurity
8	By December 2014, develop processes for ensuring timely communication plans for individual or classes of contamination that are tailored according to the contamination case.	Accepted	Develop communication plans for individual or classes of sites as required, based on NSW Trade & Investment guidelines.	December 2014	In progress Communication Plans prepared for the two major sites (Urunga and Coffs Harbour Slipway) currently under preparation and implementation of remediation	DPI - Lands