



## Audit Report

App./Cert.	C10166
Date	14/11/2008

### SURVEILLANCE AUDIT

### MASTER PACK (INCLUDES ACTIVIES 114545, 114547, 118019)

<b>Client:</b>	LANDCOM
<b>Site Address:</b>	Head Office: Level 2 330 Church Street PARRAMATTA NSW 2124 Level 4 251 Wharf Road NEWCASTLE NSW 2300 2.26 Hyde Parade CAMPBELLTOWN NSW 2560

**Standard(s):** 14001:2004

**Relevant Codes (as applicable)**

E4210, E02, E03, E06, E07, E08, E09

**Scope of Certification:**

The registration covers the Environmental Management System for the development of residential, commercial and industrial land throughout Sydney, Illawarra and the Hunter Regions.

Activities specifically covered by this registration are land acquisition, master planning and design, engineering design, construction, and marketing and sales.

The registration also covers application of the system for strategies and processes employed for the delivery of development projects including joint venture/partnering arrangements with the public and private sector.

COMMERCIAL- IN – CONFIDENCE

The contents of this report must not be disclosed to a third party without the agreement of the SAI Global Client

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# AUDIT REPORT

## Introduction

SAI Global conducted a surveillance audit to ISO 14001:2004 of LANDCOM at Parramatta Head Office on 12/11/2008 to 14/11/2008, Newcastle Office on 26/11/2008, and Campbelltown Office on 28/11/2008. Site visits were also undertaken in relation to projects conducted out of the Newcastle and Campbelltown offices. The focus for the Head Office audit was towards the system implementation and administration.

The purpose of this audit report is to summarise the degree of compliance with relevant criteria, as defined on the cover page of this report, based on the evidence obtained during the audit of your organisation.

SAI Global audits are carried out within the requirements of SAI Global procedures that also reflect the requirements and guidance provided in the international standards relating to audit practice such as ISO/IEC 17021, ISO 19011 and other normative criteria. SAI Global Auditors are assigned to audits according to industry, standard or technical competencies appropriate to the organisation being audited. Details of such experience and competency are maintained in our records. The audit team is detailed in the attached audit record.

In addition to the information contained in this audit report, SAI Global maintains files for each client. These files contain details of organisation size and personnel as well as evidence collected during preliminary and subsequent audit activities (Documentation Review and Scope) relevant to the application for initial and continuing certification of your organisation.

Details of your primary contact persons and their contact details and site addresses are also maintained. Please take care to advise us of any change that may affect the certification or may assist us to keep your contact information up to date, as required by SAI Global Terms and Conditions.

Please note that this report is subject to independent review and approval. Should changes to the outcomes of this report be necessary as a result of the review, a revised report will be issued and will supersede this report.

## Executive Overview

Audits at the Head Office and the Newcastle and Campbelltown regional offices demonstrated that the environmental management system has been well implemented and that reasonable levels of control are evident at the operational level. Activities were noted to be supporting the strategic and sustainability focus of the organisation. However, several Areas of Concern in relation to performance against the ISO 14001 Standard have been raised during the audits that will need to be addressed (refer to Appendix for definition of audit findings and actions required).

At the follow up audit conducted in April 2008, it was suggested that a six monthly surveillance audit program could be recommended at the November 2008 surveillance audit should the Areas of Concern raised in the previous surveillance and follow-up audit reports not be adequately resolved in a timely fashion. A review of the actions taken since the follow-up audit indicates that Landcom has significantly improved its performance on the issues raised, and the decision has been made that a move to a six monthly audit program is not recommended at this point in time.

While the specific issues relating to corrective action in relation to audit results have been satisfactorily resolved, there are still some issues remaining regarding the processes in place for raising Corrective Action Requests. It is important that these issues are resolved by the next audit, which is a certification audit, or once again consideration may be given to moving to a six monthly audit regime (refer to section Corrective and Preventive Action).

A recommendation will be made to the SAI Global Certification Authority that your certification to ISO 14001:2004 continues.

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## Audit objectives

To determine continuing compliance of your organisation's management system with the audit criteria; its effectiveness in achieving continual improvement and system objectives; and to review the management of any changes in the organisation.

## Review of any changes

There were no significant changes since the previous surveillance audit except the addition of a new member of the sustainability team, Cara Peterie, who commenced around 5 weeks prior to the audit.

## Functions, Processes, areas audited

Management system elements/clauses audited included Roles and Responsibilities, Objectives and Targets, Competence, awareness and training, Communication, Documentation, Document and Records Management, Corrective and Preventive Action, Internal Audit and Management Review. A review of two projects - Middleton Grange and Bungarribee (Doonside) and interviews with the respective Development Managers was undertaken. Interviews were held with the Contracts Manager on sustainability requirements and audit it contracts, the Administration Manager on sustainability data collection and measurement, and the Business Development Manager on due diligence processes for land acquisition.

Reviews of projects (including site visits) were also undertaken for the Bagnalls Beach (Corlette) and Sanctuary (Minmi), and the Minto Renewal Projects.

A review of previous audit reports including the last surveillance audits of November 2007, January 2008 and February 2008, and the Follow-up audit of April 2008, was undertaken. The outcomes of the review are summarised in the section below "Actions taken on previous audit issues".

## Actions taken on previous audit issues

Actions taken on Areas of Concern raised at the previous surveillance audits and the follow up audit that have been closed are addressed below. Areas of Concern that remain open are addressed in the appropriate section of the report.

### Area of Concern (Surveillance audit 118016)

- **The waste management and energy management systems were in place for the office based activities however the original aspects and impacts assessment for the office was not available.**

#### Follow up at surveillance audit

An aspects and impacts register has been drafted for the office based activities – it is consistent with the systems in place. This area of concern is now **closed**.

### Area of Concern (Surveillance audit 118016)

- **The activities associated with the asset management component of Landcom's work such as clearing, maintenance, weedspray for both pre construction and post construction have not been included within the identification of the environmental aspects and impacts. This issue was also reported during the internal audit dated November 2007.**

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## Follow up at surveillance audit

An aspects and impacts register covering the areas and time frames between taking control of the land and developing it has been drafted. The register includes situations such as bushfires, weed eradication, illegal waste dumping, soil erosion, noise, feral animals, etc. The document has been drafted and work is ongoing to ensure that it will be used at the appropriate time. This area of concern is now **closed**.

## Area of Concern (Surveillance audit 118016)

- **EMS-16 has not been updated to reflect the current practice undertaken by Landcom in regards to the frequency of the internal audit e.g. the procedure still refers to three-yearly regime.**

## Follow up at surveillance audit

The revised procedure EMS\_16 now says "Internal audits of the full scope of the EMS are to be conducted by an independent consultant every 3 years prior to the certification audit, with a portion of the system being the subject of internal audit at least annually. This Area of Concern is now **closed**."

## Area of Concern

- **EMS\_15 states that CARS will not be raised for EMS deficiencies which would be addressed through the follow up of EMS Audit Reports and Management Review Action Plans. The issue here with EMS Audits & Management Review Action Plans is that the follow up review on these are applied annually. The rectification via an annual review process is not acceptable from a timeliness perspective.**

## Follow up at surveillance audit

Audit findings are now managed through the preparation of an EMS Action Plan that tracks the progress of audit findings, and these are followed up by the Environment Manager, and reported on quarterly to the Audit and Risk Committee and annually to the executive. This Area of Concern is now **closed**.

## Area of Concern (follow-up audit 216809)

- **The mechanisms that will be used for a more frequent follow up on EMS deficiencies and Management Review Action Plans (to ensure timely closure of corrective actions) have not been specified yet.**

## Follow up at surveillance audit

As with previous Area of Concern, the findings of internal audit findings are followed up through the EMS Action Plans. This Area of Concern is now **closed**.

## Area of Concern (surveillance audit 118018)

- **The issues identified during the Environmental Site Audit dated 22/01/2008 have not been addressed yet e.g. no shaker pad in place at site main entrance and**

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**transferring some dirt to road.**

## Follow up at surveillance audit

It was noted during the site visit that the entry to the project has now been asphalted. Management of sediment and prevention measures were generally in place as required. See comments also within the site-related section with regards to follow-up of site-based internal audit findings. This Area of Concern is now **closed**.

## **Management System**

The EMS documentation, including Procedures, Instructions and forms etc continue to be managed through "Docview". All system procedures are available to staff and only the latest version is kept on Docview.

## **Identification of environmental aspects as assessment of significance**

The methodology for identification and assessment of environmental aspects and impacts is described within procedure EMS-1 Identification of Project Specific Environmental Aspects and Impacts. Environmental Aspects and impacts are assessed at 3 phases – Acquisition, Design and Construction.

Environmental Aspect and Impacts registers were reviewed for Head Office (draft); Asset Management (for the period of time where Landcom owns the land, but has not yet developed it), Middleton Grange project, and Bungaribee Project.

The Head Office Aspects and Impacts register was noted to be comprehensive, and covers the waste management and energy management systems (as per previous Area of Concern) in place as well as other office based aspects. The newly created Asset Management Aspects and Impacts register includes a wide range of potential issues, including clearing, maintenance, weedspray, bushfire, illegal dumping etc. The Aspects and Impacts registers for Middleton Grange and Bungaribee projects were noted to be comprehensive and included assessment of innovation and sustainability concerns.

## **Monitoring and control of environmental impacts**

Monitoring and control of impacts at project level is undertaken through the implementation of environmental management plans, which are included in contractual requirements. A Landcom site rep is appointed for each project. A regime of inspection and audits (generally by an independent consultant) ensures compliance with the site EMPs.

## **Legal and statutory requirements**

Legal and Other requirements are outlined in procedure EMS-2 – Environmental and Other Requirements. Legal information is available to Landcom staff via the Landcom intranet site, which contains a summary of state and federal environmental legislation. The site is maintained by the Environmental Manager via a number of subscription services, and he is responsible for reviewing changes to legislation and communicating them to the relevant people. Compliance with legal requirements is monitored through the management of projects and is reported in the Triple Bottom Line (TBL) report. TBL reporting requirements are also extended to contractors.

The Landcom annual report for 2007-2008 was available which indicated that the level of compliance to the POEO Act and planning legislation was 100% for the year.

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## **Management commitment and achievement against objectives and targets**

Objectives and targets (Triple bottom line – TBL) for the organisation are reported in the Annual report 2007 – Verification of the data is undertaken by an accredited 3<sup>rd</sup> party organisation (Net Balance).

The administration Manager is responsible for the collection and compilation of data to verify the achievement (or not) of set objectives and targets. Data is collected on a significant number of sustainability indicators including Energy efficiency, sustainability of renewable energy, fuel usage, paper recycling, co-mingled recycling, etc.

Project based objectives and targets based are based on the TBL targets.

The requirements for performance indicators for the office are identified by DECC in the NSW Government Waste Reduction and Purchasing Policy (WRAPP) and as a State Owned Corporation, Landcom abide by and measure against these requirements. The environmental performance of external project managers, civil contractors; site related environmental performance are identified by the SITE EMP Report Card (available on intranet and internet). There is a link from the procedure in Doclink to TBL indicators and targets for project documents (also available on the internet). There are 15 key areas identified with subcategories within these. Projects can also choose to go over and above the indicators listed here.

There is evidence of a strong commitment to setting and achieving objectives and targets in line with triple bottom line principles, in a bid to improve sustainability outcomes.

## **Roles, Responsibility and Authority**

Environmental Management responsibilities are documented in the EMS Staff Responsibilities document which is readily available on the intranet (but is not in Docview). The document identifies that the Director of Sustainability and Policy is responsible for, among other things, “ensuring EMS system maintenance and continuing certification” and “endorse proposed changes to the EMS”. The Environment Manager is responsible (among other things) “maintaining and updating EMS documentation and records”, coordinating site auditing processes, fostering environmental awareness, raising and closing off CARs and reporting on environmental performance to the Director of Sustainability and Policy and manage system audit process.

## **Competence Awareness and Training**

Induction is one of the main ways in which new employees receive information about the EMS and their responsibilities in environmental management. A review of induction records indicates that there have been no formal inductions (except for recent starter in the sustainability section) held since November 2006. This was also identified in an internal audit report. No documented evidence could be located to indicate that the sustainability part of the induction has been carried out.

The organisation has an induction system and checklist which is managed by the HR department. The HR department sends out notification to the relevant managers when a new employee commences, and it is the responsibility of the Manager to ensure that the inductions are done. The form indicates that inductions should be carried out within one month of starting with the organisation. A review of some HR files indicates that while the induction forms are kept in the HR files, the “checkbox” for environmental / sustainability inductions are not completed.

An EMS induction checklist does exist, and one completed form for Cara Peterie dated 13/10/08 was viewed. Cara is a new starter that will be working in the sustainability/EMS area.

A plan prepared by the Environment Manager indicated that there is a schedule to have several people inducted in early 2009, with the approach being to have one session every so often to induct a number of people in the future. This approach does not conform to the requirement on the

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form, to complete inductions within one month of commencement. It is important that new employees are inducted soon after commencement, so an increase in the timeframe for induction completion would not be acceptable.

A Training and awareness procedure EMS\_3 reference 429 is in place and provides a summary of the types of training that should be undertaken. Workshops are held to respond to impact of government policy on the business, eg – Workshop WSUD water sensitive urban design – Managing Urban stormwater – held 1/2/2008 – presented by consultants EDAW and Ecological Australia – presented a Biobanking regulations submission workshop.

### **Area of Concern:**

- **Only one record of EMS / sustainability induction could be located. The HR induction records viewed did not have the sustainability section of the induction form completed.**

### **Communication**

Procedure EMS\_15 states that environmental complaints will be recorded via the “Compliments and Complaints Register”. Currently, this register does not have the appropriate fields in which to record “Environmental” or Sustainability” complaints. A review of the register and discussion with Landcom indicate that the Register has not yet been used to specifically record environmental / sustainability complaints. Any complaints that do come through the system under the current set-up would not necessarily be automatically forwarded to the Environment Manager.

Consideration is being given to using the Compliments and Complaints system to log corrective actions.

Procedure EMS\_5 Communicating sustainability states that the information regarding sustainability will be communicated through the Intranet, and monthly Knowledge Briefing sessions.

The timetable for Monthly staff briefings and knowledge briefings for 2008 and 2009 was viewed. Key environment related briefing delivered included: Mar 09 – Planning system reforms, April – Open space, community centres, built form, street tree guidelines, July 2008/2009 corporate plan, October – 2008 Sustainability results (energy, water and moderate income housing). Proposed 2009 briefings include March – revised sustainability indicators, Corporate Plan.

### **Documents and Records Management**

Docview intranet continues to provide the platform for policies, procedures related forms and references. The EMS overview document has been updated in April 2008. The overview document provides a good overview of the system including the structure, content and explanation of the system requirements. The documents are readily available to all personnel and controlled on Docview. “Objective” is used as a document and record repository and access to it is controlled through access rights.

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## **Area of Concern:**

- **Several EMS procedures in Docview still refer to DEC (Dept of Environment and Conservation) instead of DECC (Department of Environment and Climate Change). Other superseded names of government department were also noted in the procedures.**

## **Corrective and Preventive Action**

The corrective and preventive action process for SAI Global and internal audit findings is through an EMS Action Plan. The action plan documents the area of concern, the Action required, time frame, responsibility (who) and Progress status. The plan is updated by the Environmental Manager and is reviewed quarterly at the Audit and Risk Committee meetings.

The Follow-up report on NCR 2008-01, recommended in points 2 and 3 that the implementation is followed up in the surveillance audit. These were followed up and the results recorded in the section "Actions taken from previous audit issues".

Reviewed site environmental report on Minto Renewal Project stages 2-8 – Audit was performed by Peter Stewart of Molino Stewart. Several areas of concern were raised – Three out of the four areas of concern identified were reported on the "Site Audit Statement" (pink form). The audit statement does not have any provision for "close out" except for the "status" column and there is no evidence of close out on the form. However, an email from the auditor (Peter Stewart - dated 3/11/08) indicates that a follow up audit was undertaken and the actions taken were sufficient. No evidence has been forwarded by the auditee (TRN) that the actions have been completed.

There appears to be minimal documentation available to be able to track the actions related to the "Garden Gates" complaint. A complaint was apparently made in May 2008 in regard to extremely discoloured water in a lake at Mt Annan. DECC correspondence commences in August 2008. The DECC letter notes that an inspection was undertaken by Jennifer Sage from DECC on 13 August 2008 and noted that the water in the lake was "extremely discoloured and turbid, and that Landcom is required to install additional sediment and erosion controls. A response letter was written by Landcom on 12 September 2008 to indicate that additional controls were put in place.

While it is recognised that DECC did not become involved until August, once they did become involved, this issue should have been raised as a non-conformance in accordance with procedure EMS\_15.

There is no formal process in place for raising non-conformances or CARs such as a form that can track the progress on resolving the identified issue. The process for raising a non-conformance / corrective action appears to be to write an email to the responsible person to initiate action without any particular guidance on the format. This process does not necessarily ensure that appropriate investigations are carried out, that vital information is documented, or that responsibilities are allocated or due dates set.

## **Areas of Concern:**

- **A CAR was not raised for the Garden Gates discoloured water issues where the DECC become involved in the issue. Even though DECC became involved later in the process, this should have been raised as a CAR once it escalated. This would ensure that it is included as an item for management review under "corrective actions".**
- **While the EMS\_15 procedure describes the requirement to raise a CAR there is no formal process in place track and report on the progress of the close out of**

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the CAR. There is a summary sheet kept which briefly describes the issue and whether it is open or closed, but provides little commentary on actions taken to address the issue.

### *Previous Area of Concern (surveillance audit 118016):*

- **The mechanisms (that could include site/project meetings) for the follow up on reported non-compliances on builder audits to ensure that corrective actions are timely and effective, were inadequately applied and managed on Project Sites.**

### Follow up at surveillance audit

The response in the EMS Action Plan states: "The response to this issue is to improve the system for follow up. Pink forms will now be issued at the time of the audit and the auditor will arrange for follow up to occur". The progress is stated as: "The system is currently being trialled to iron out any issue. The process will be fully adopted in 2009 – the procedure has been amended".

A Builder audit report for Rawson Homes 10/06/08 (Minto) by P Steward (Molino Stewart) was reviewed. Several findings were raised in this audit and a Site Audit Statement – Action (pink form) was raised. However, there was no documented evidence or verification that recommended actions had been completed. While there has been an improvement in process, the mechanism for closing out issues identified remains an issue. This Area of Concern remains **open**, it has not been fully implemented. It was however noted that site-based issues were appropriately actioned at the Minto site, with audit report findings and correspondence noted in the site file. It appears however that there is no means of internal communication to the head office that verifies closure of the field-based audit and inspection findings.

### **Internal audit**

The internal audit procedure now includes a requirement to undertake an internal audit on a portion of the system at least once yearly. An internal audit was undertaken in October 2008 by Andrew Schofields and Associates and the scope included a review of the existing system documentation including EMS overview, external EMS audit reports and previous internal audit reports and interview with staff at Parramatta.

The issues identified requiring action have been added to the EMS Action Plan – the mechanism used to track and monitor corrective actions for audit findings. This is in line with the changes to the system made following the close out of the non-conformance raised at the previous surveillance audit on Corrective and Preventive Action.

The internal audit covered Policy, Environmental Aspects, Legal and Other requirements, Objectives, Targets and management programme, Roles responsibilities and Authorities, Competence, awareness and training, Communication, Documentation, Document control, Operational Control, Emergency Preparedness and Response, Monitoring and Measurement, Evaluation of compliance, Non-conformance corrective and preventive action, environmental records, Internal audits and management review.

### **Management review processes and continual improvement**

Management Review Procedure EMS\_20 describes the process for management review. The procedure reflects the requirement that concerns arising from EMS audits are entered into the EMS audit action plan. The Audit action plan is monitored through the Environment Manager's performance review and signed off by the Director Sustainability and Policy, quarterly report to the risk and audit committee and annual report to the executive committee.

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The procedure states that the overall management review of the EMS is conducted annually. A Management Review Memorandum was prepared by the Environment Manager / Director Sustainability and Policy on 22 April 2008 and was provided to the Executive committee for consideration. The report included commentary on Internal Audit, Evaluation of compliance, complaints, environmental performance, corrective action requests, action status report, changes to Environmental Aspects procedure. A copy of the EMS action plan was provided as an attachment.

Minutes stated that the Executive reviewed the memorandum and accompanying report. Under the "Sustainability and Policy" section of the minutes, it states that "the executive agreed that the EMS would benefit from a higher level of review on a regular basis"...and that ... "further thought be given to including EMS review/audit in Landcom's Audit Committee agenda". Sean O'Toole and Greg South of the executive committee commit to discussing the practicality of such an arrangement.

An Audit and Risk Management Committee meeting was held on 19 September 2008 to discuss EMS – Viewed report to the committee which recommended the following key actions: Elevation of the Management Review Action Plan to the Executive for endorsement annually and key inputs to be reviewed at the December, April, July and September meetings.

### **Use of marks and/or any other reference to certification**

The organisation has been advised of the recently-updated StandardsMark logos. The Mark is being used in accordance with the current requirements for environmental system certification held.

Landcom is encouraged to make use of the new StandardsMark, which is available for download from the SAI Global website. SAI Global's conditions for use of the Marks are also available from the website.

### Contractor/Contracts Management

The Contracts Manager was interviewed in relation to contracts management. Currently, contracts are based on a modified template of AS4000 whereby technical specifications and terms and conditions are incorporated into it. There are plans to go back to an AS4000 model and separate the terms and conditions and technical specifications. This new regime is designed so that important requirements are not "buried" in the contract document, but are separate (but still forming a part of the contract) and specific to the site in question.

There are plans by Landcom to build the need for contractors to "self audit" using 3<sup>rd</sup> party independent auditors into contracts. An extract from the "Preliminaries" document proposed to be part of the contract says ... "As a minimum, contractors will provide an Environmental Site audit report from a suitably qualified, experienced 3<sup>rd</sup> party every 6 months during the term of the contract". The project manager will be responsible for ensuring all aspects of the contract are adhered to. It is expected that this new regime may be in place within around 6 months' time.

To ensure the integrity of this process, Landcom will need to ensure that there is a program in place to ensure that the audit reports are satisfactory in terms of contents and rigour and that the corrective actions identified are satisfactorily addressed. This was also identified in the internal audit October 2008.

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## Business Development

An interview was held with the Business Development Manager. A key responsibility for Business Development from a business/EMS/sustainability perspective is to undertake due diligence investigative processes prior to acquiring assets. A Due Diligence – Investigation Process – Business Development – Reference No 325 Issue 1 procedure and Due Diligence Investigation process checklist is in place. The checklist includes environmental considerations such as Flora, fauna and Landscape design, (incorporating habitat links, bushfire etc), Geotechnical and contamination, Engineering infrastructure and servicing, traffic and transport, Heritage and archaeology etc. The document also outlines the due diligence process. This process is designed to ensure not only the business risks are identified, but also that the environmental and sustainability issues and opportunities are identified.

## Middleton Grange Project

The Senior Development Manager for the Middleton Grange (AKA Park Ridge) project was interviewed. Key current aspects of the Project file were reviewed including the Project Delivery Agreement (PDA) and a document submitted by the development partner/Principal Contractor Mirvac – “Sustainability Management System Documentation Guidelines” Sept 2008.

A review was undertaken of the Mirvac document by the Development Manager in conjunction with the Environment Manager, and it was found that the submitted document did not satisfy the requirements of the PDA. A detailed analysis of the contents was undertaken, and a meeting to discuss the discrepancies is scheduled for the day after this surveillance audit. It was noted that the document submitted by Mirvac was many months overdue, and the Development Manager had to “chase” Mirvac for the document to be submitted.

It is noted that the Development Manager is responsible for ensuring the delivery of sustainability commitments. Post Project reviews are also undertaken to ensure that projects meet their sustainability commitments.

## Bungarribee Precinct Project

The Bungarribee Precinct Project - Doonside residential parcel is still in the design phase and an overview of the processes was provided by the Senior Development Manager, Bungarribee Project. The project has been in the planning phase for the past 2 years and construction of infrastructure is due to commence in 2010 should all go to plan. The timeframe for construction is 2010 – 2018. Overall, the project has been designed to maximise sustainability opportunities. The design takes into account the existing vegetation, the interface between the “green corridor”, and existing developments. It also aims to retain natural waterways, riparian zones and heritage items. The design is on public exhibition.

## Bagnalls Beach Estate Project. Corlette

The Bagnalls Beach Estate Project has been in progress since 1992. A total of 950 lots have been approved, with approximately 667 developed so far. The last land release in 2004 was subject to bushfire Asset Protection Zones. Also, post-project review of existing developments noted some “les-than-desirable” built outcomes, particularly in respect of street-facing garage frontage to houses. The revised 2005 Masterplan was proposed, with a change from the existing curvilinear street plan to a more “traditional” grid layout, which also reduced the requirement for one of the two original cuttings to be constructed and provided for a wider green corridor. New building controls are also guided by a draft Port Stephens Council DCP. The Section 96 approval was obtained from Council in 2006.

As reported at the previous audit, supporting documentation is comprehensive. There is a

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stormwater drainage and WSUD (water-sensitive urban design) report, asset protection report and plans, water and waste-water servicing strategies, traffic report, flora and fauna assessment update, and geotechnical investigation report, all available for review. The precincts recommended for development from these studies, within the topographic limitations, were input to the draft DCP.

An EMP was noted to have been developed by the construction contractor (P&O Cunningham), to Landcom's guidelines, in response to the contract requirements. This includes water retention of the northern flow under Mooring Avenue ("Road 6") to contain a 1:100-year flood and infiltrate the water to Mulubinda Parade Reserve. It was also cited that some "social capital" inputs (aligned with Landcom's sustainability focus) are intended to be funded from initial sales (eg landscaping around the Bagnalls Beach Road entrance, plantings along the cutting, and a planned walking track along the ridge line).

At the site, an independent representative has been engaged to ensure that the requirements for the landscape and civil contracts are appropriately implemented. It was noted that the previous two internal site audits had made an improvement from 74% to 93% (against a target requirement of 75%). It was noted that the site development had included extensive flora and fauna assessment and subsequent minimum tree removal.

Site based controls across the works areas of the site were generally observed to be good (eg mulching, batters, berms, turf, drain protection, road surfaces). The weekly "Record of Site Inspection" reports were noted stored on file at the site office (this document is designed by the site rep and is not controlled within the EMS). It was also noted that this report is emailed to Landcom, with photos attached. Copies of the contract files for civil works (P&O Cunningham) and landscaping (B&K Revegetation and Landscaping) were noted to be in good order, with good evidence of tracking of the contractual terms, including the conditions of consent, which have been translated onto site plans. Good management of site complaints was also evident, with issues in relation to silt spill into the northern gully during a storm event, and dust complaints from a western neighbour, addressed and closed. The "Environmental Site Audit Report" from Molino Stewart (17/11/08) was sighted, reporting against Landcom's site criteria protocol, with five findings identified and all addressed (three in relation to silt control, one for mulch storage, one for signature process for log book). It was cited that the "EMP Report Card" would be done at practical completion stage.

However, several issues were noted near the front entry to the site, including the presence of rubbish and general untidiness of the depot area, collapsed silt fencing to the site boundary off the star pickets and not repaired or maintained, an open and un-banded 200-litre diesel drum with evidence of spills to the ground, and drain protection devices not properly installed or serviced. Towards the top of the hill within the development, it was noted that drain controls were lacking on some stormwater entry points that drained northwards to the bay. It is noted that only drainage point south of the ridge line divert to the retention pond.

### ***Area of Concern:***

- **Environmental controls were not adequately implemented for the site in relation to fuel storage and handling, sediment control, and general housekeeping, particularly in the contractor's depot area. Drain controls were lacking on some stormwater entry points that drained northwards to the bay (ie not to the retention pond). This indicates some lack of environmental awareness in some sections of the site workforce, and a breakdown in some aspects of the site inspection process.**

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## Sanctuary Project, Minmi

The Sanctuary Project (previously “Blue Gum Vista”), is located at Fletcher, in the Wallsend to Minmi growth corridor. This project is managed under a Project Delivery Agreement, with Landcom’s controls exercised through the contractual terms. The land is former farming land, with acquisition occurring between 1992 and 1995. Community workshops were held during 1996 and 1997, after which Masterplans were developed, culminating in a consolidated Masterplan lodged as a DA with Newcastle City Council (which was ultimately approved, with some 40 conditions of consent, including the retention of two vegetated gullies). Environmental controls were called for in the tender documents and the resulting contract. There was a Section 96 amendment lodged (no new DA required as the urban footprint is practically unchanged) to update the original Masterplan to accommodate bushfire Asset Protection Zones.

The successful tender from Urban Pacific was reviewed, noting the TBL outcome “returnable schedules” criteria required. In particular, Schedule 3 (Sustainability and Innovation Outcomes), embedded in the tender document and included as Schedule 4 to the contract, requires these relevant elements to be checked annually. The requirements flow also to subcontractors to Urban Pacific, as well as to builders. It is of note that this process (water-sensitive urban design and energy-smart communities policy) was pre-BASIX. Schedule 9 of the contract outlines the environmental protection requirements, including the implementation of a Landcom-approved EMP and SWMP for the construction phase. A “recruited builder team” was assembled to implement design guidelines stipulated by Landcom, to control built form through a “Builder Participation Agreement”, which also includes environmental and sustainability performance criteria. Urban Pacific collates and reports the TBL performance (sighted) with Landcom oversight, with Project Control Group meetings and marketing meetings convened monthly, on-site.

At the site, it is noted that the display homes are open, with the first “non-display home” now under construction. All surface works are complete, with the land in good order and controls in place. A small amount of landscaping material was noted to be stockpiled, contained and cordoned off.

## Minto Renewal Project

The Minto Renewal Project is a “model project” being undertaken with the Department of Housing, incorporating a whole-of-government social outcome focus rather than purely a commercial outcome. Extensive social planning and relocation of existing public housing tenants has been involved since the project’s inception in 2002. A 70/30 mix of private and public housing is the intended outcome (total 1150 lots), including 25 one-acre lots in a Scenic Protection Zone on the hill top.

Stage 1 has been built, with Stage 2 (including original Stage 8) underway since June 2008, with a single contractor, TRN. TRN is responsible for the civil works, infrastructure, remediation and landscaping, including administration of subcontractors to Landcom’s requirements (a Landcom site rep and contractor’s rep are used to ensure this). Stages 3 and 4 are in the construction certificate stage, with the issue of contracts pending.

The project is approved under Part 3A (as state-significant). The design was modified from the original estate forms of cul-de-sacs and laneways, to a more traditional layout with homes fronting the streets. Demolition of some 800 Department of Housing townhouses was carried out (by Department of Housing). Pockets of identified long-term stable tenants were deliberately retained. Demolition also required the construction of a containment cell for waste asbestos disposal, located under a road and linked to a Dial-before-you-dig process. The disposal was enacted under an EMP with Council, with the process overseen by an independent consultant (JBS Environmental) and site auditor (Environ).

At the site, it was noted that four “significant” builders have a presence at the display village

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(Jennings and Clarendon, plus two other smaller local builders Rawson and Wisdom). There are no other covenants (design guidelines, etc) besides use of one of these four builders, and the BASIX criteria. It is noted that the participation deed mandates the installation of gas-boosted solar hot water (a TBL target initiative).

At the site office, the environmental management plan and emergency response plan (Molino Stewart) were available. It was noted that the previous site audit report recorded a score of 66% (against a performance target of 75%).

Environmental management at the site was generally good, with reasonable levels of housekeeping given the complexities of operations. Waste separation and management appears to be effective, and construction workers were noted to be maintaining drain protection devices during sealing works. Some dust was being raised with movement of plant and vehicles, although the water truck was noted in operation, and it was cited that water use upslope from sealing operations was being minimised (there are no neighbours impacted).

However, some site issues were noted. Two 20-litre containers of coolant additive were stored un-bunded near the refuelling area; there were no MSDSs held on file for these chemicals. The mobile spill kit stored in the container near the site office was noted to have its access blocked, with material stored on top of the bin and a ladder resting on the lid, rendering emergency access impractical and speedy deployment impossible.

### ***Area of Concern:***

- **Environmental controls were not adequately implemented for the site in relation to chemical handling and storage, and spill kit maintenance. This indicates some lack of environmental awareness in some sections of the site workforce, and a breakdown in some aspects of the site inspection process.**

### **Recommendation**

A recommendation from this audit is that your certification continues. Audit recommendations are always subject to ratification by SAI Global certification authority.

This report was prepared by Julie Dickson (for Head Office) and Rex Hoare (for Newcastle and Campbelltown offices).

At your next audit, which is a certification audit, we will review all elements of your environmental management system, as well as assess the levels of control over your site processes, as outlined in the provisional audit plan sent separately.

## AUDIT RECORD

**Audit Team Leader:** Julie Dickson (Parramatta Head Office); Rex Hoare (Newcastle and Campbelltown)  
**Auditors:** Nil  
**Observers/Technical Specialist:** Nil

<b>Total number employees relevant to this audit and site:</b>	~ 135 (includes 8 in Newcastle, 8 in Campbelltown)
<b>Applicable Statutory/Regulatory/Standards requirements (to be identified by the client):</b>	Refer to Docview legal section
<b>Exclusions From Scope of Certification:</b>	Nil

Day	Auditor	Audit meetings plus functions/ processes/ areas/ *shifts audited	Audit area employee no	# Shifts*	Result
12/11/08	J Dickson	Head Office: Entry meeting – EMS documentation review	2		
12/11/08	J Dickson	Review of previous areas of concern (Head Office)	2		!
12/11/08	J Dickson	EMS – Aspects and Impacts, Legislative Requirements, Measuring and Monitoring, Roles & Responsibilities, Objective and targets, Communication, Corrective and Preventive Action	2		!
13/11/08	J Dickson	Projects / contracts management, Business Development, Complaints register	4		✓
13/11/08	J Dickson	EMS - Competence awareness and training, Internal Audit, Management Review	2		!
13/11/08	J Dickson	Close out meeting (Head Office)	2		
14/11/08	J Dickson	Report writing			
26/11/08	R Hoare	Newcastle Office: Entry meeting, overview of operations and projects			
26/11/08	R Hoare	Site visits: Bagnalls Beach (Corlette) and Sanctuary (Minmi) projects			!
28/11/08	R Hoare	Campbelltown Office: Entry meeting, overview of operations and projects			
28/11/08	R Hoare	Site visit: Minto Renewal Project			!
28/11/08	R Hoare	Report writing and consolidation			

All applicable requirements of relevant standards are covered during the audit of the 'Functions/Processes/Areas.

\* Enter shift details only where applicable.

**Results:** ✓ = audited no NCRs, ! = Area of concern to follow up, **NCR Nr.** for open NCRs, **NCR Nr. (C)** - for closed NCRs, (-) = not fully audited, **(blank)** = not audited

## **Appendix - Definition of and action required with respect to audit findings**

### ***Non-conformity:***

Based on objective evidence, the absence of, or a significant failure to implement and/or maintain requirements of the applicable standard. Such issues may raise significant doubt as to the capability of the management system to achieve its intended outputs.

Action required: This category of findings requires SAI Global to issue a formal NCR; to receive and approve client's proposed correction and corrective action plans; and formally verify the effective implementation of planned corrections and corrective action. Correction and corrective action plan must be submitted to SAI Global for approval within 14 days of the audit. Follow-up action by SAI Global must 'close out' the NCR or reduce it to a lesser category within 90 days or less where specified.

In the case of initial certification, failure to close out NCR within the time limits means that the Certification Audit Stage 2 may be repeated.

In the case of an already certified client, failure to close out NCR within the time limits means that suspension proceedings may be instituted by SAI Global.

**Follow-up activities incur additional charges.**

### ***Area of Concern:***

This is an area of the system for which the client is required to investigate potential non-conformity.

Action required: SAI Global may require client to formulate preventive action plan for approval prior to next planned audit / certification decision or alternatively may follow up client's preventive action at the next planned audit. Lack of client attention to such issues implies that a preventive action system is not working effectively.

### ***Opportunity for Improvement:***

A documented statement, which may identify areas for improvement however shall not make specific recommendation(s).

Action required: Client may develop and implement solutions in order to add value to operations and management systems. SAI Global is not required to follow-up on this category of audit finding.