

# **Audit Reports Summaries**

## **Audit Report No. 31 1995-96**

**Tabled 24 June 1996**

### **Summary**

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**Departments of:**  
**Defence**  
**Administrative Services**  
**Environment, Sport and Territories**  
**Communication and the Arts**  
**Transport and Regional Development**

### **ENVIRONMENTAL MANAGEMENT OF COMMONWEALTH LAND SITE CONTAMINATION AND POLLUTION PREVENTION**

### **Performance Audit**

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#### **Background**

There is an increasing recognition of the potential risks to human health, the environment and asset values from pollution and site contamination. Estimates of the number of contaminated sites in Australia vary from 10 000 to over 60 000. The actual number of Commonwealth contaminated sites is unknown. However, with land valued at some \$7.75 billion, and potential risks from a range of activities involving hazardous substances, the Commonwealth has a vital interest in the environmental management of its land.

#### **The Purpose of the Audit**

The purpose of the audit was to examine the environmental management mechanisms in place across some of the major Commonwealth land management and oversighting entities. In particular, the audit examined Commonwealth environmental management practices to identify current strengths and weaknesses, and provide a framework and direction for the adoption of better practice and continuous improvement. The audit has not been designed to judge past Commonwealth performance using current environmental standards and practices. Rather, the audit focused on encouraging the development of better practice by illustrating the implications and lessons learned from past and present practices.

#### **Audit Findings**

By any standards, the Commonwealth has a major land management function. It needs to manage its risks so as to protect human health, the environment and the value of its assets from the considerable costs that can be associated with site contamination. There is no

specific Commonwealth legislation or formal policy to guide Commonwealth land management entities in tackling environmental matters such as pollution prevention and site contamination. Although the ANZECC/NHMRC *Guidelines for the Assessment and Management of Contaminated Sites* provide officials with a broad framework for addressing contamination once identified, Commonwealth land managing entities would benefit from a well-developed environment management system to prevent pollution in the first place. This includes the need to enhance the disclosure of site contamination information consistent with public sector accountability requirements. A report from the Coordination Council on the Release of Commonwealth Land noted that the time required to decontaminate some sites was one of the main reasons for the slowing of Commonwealth property sales. A particular problem exists in relation to lands contaminated with unexploded ordnance from World War II. In this area, the Commonwealth has a well-developed policy but Departmental resources need to more effectively match the identified risks to the public.

Generally, environment management has been seen by those Commonwealth land managing entities audited as lower priority, non-core business. The ANAO considers that sufficient priority should be given to addressing these risks.

## **Overall Conclusions**

Commonwealth entities can make significant improvements in their performance by adopting and adapting recent international developments in better practice and environmental risk management. However, the absence of a clear Commonwealth policy framework is a major constraint on Departments and entities seeking to establish priorities and actions in line with best current practice. The ANAO noted a range of perceptions of the Commonwealth by State environment agencies although the recently established National Environment Protection Council may provide a key forum for addressing a number of outstanding Commonwealth-State issues relevant to the management of site contamination.

## **Recommendations**

The report makes eighteen recommendations aimed at improving the environmental management of Commonwealth land and bringing the Commonwealth more into line with current international best practice. The key recommendations relate to:

- the development of a proposal for consideration by Ministers to clarify the Commonwealth's policy position on contaminated sites;
- a commitment from land management entities to administer pollution prevention, detection and remediation in accordance with better industry practice (e.g. through the introduction of environmental management systems);
- a more proactive approach to oversighting the environmental performance of government business enterprises where there may be high financial or environmental risks;
- a commitment from Commonwealth land management entities to have full regard to State and Territory environmental regulations;
- more strategic and timely identification of the impact of environmental issues on the Commonwealth property disposal program; and
- consideration of introducing independent auditing of environmental performance to protect the value of Commonwealth land assets and demonstrate a commitment to protecting the environment.

## **Departmental Responses**

Commonwealth entities audited agreed or agreed in principle with all relevant recommendations. The Commonwealth Environment Protection Agency found the report to be comprehensive, objective and useful. The Department of Defence considered the report to have a positive tone which fairly reflected the situation across Defence. Although the Department of Administrative Services supported the thrust of the recommendations, it expressed concern about the ANAO's interpretation of Australian Estate Management's (now replaced by the Domestic Property Group) role in Commonwealth property management and the practicality of some of the recommendations.