

**Senate Standing Committee on Environment and Communications**  
**Legislation Committee**  
Answers to questions on notice  
**Environment portfolio**

**Question No:** 82  
**Hearing:** Supplementary Budget Estimates  
**Outcome:** Outcome 1  
**Programme:** Environment Assessment and Compliance Division  
**Topic:** ANAO REPORTING MANAGING COMPLIANCE WITH EPBC ACT 1999  
**Hansard Page:** N/A  
**Question Date:** 29 October 2014  
**Question Type:** Written

**Senator Waters asked:**

The Department's response also states that has since 2012 you have directed 15 proponents to undertake "independent audits" of their actions. Can you confirm that the usual practice for these so-called independent audits, are that they are commissioned by the proponent, conducted by an auditor of the proponent's choice, and paid for by the proponent?

- a. Why doesn't the Department engage the independent auditors directly?
- b. Isn't the risk that proponents are "buying" an audit that says what they would like it to say, a risk you should be managing?
- c. Has the Department ever refused the proponent's choice of auditor?
- d. Please provide a list of the 15 projects that were subject to an independent audit since 2012. For each, please advise who the auditors were, and whether the audit was made publicly available (and if so, where).

**Answer:**

Directed audits are commissioned by the Minister or his delegate in accordance with s458 of the *Environment Protection and Biodiversity Conservation Act 1999* or by invoking a condition in an approval that requires an independent audit to be conducted upon the direction of the Minister. The auditor must be approved by the Department and the cost of the audit is met by the approval holder.

- a. Under the EPBC Act regulatory framework the onus is on the approval holder to demonstrate their compliance with decisions made under the Act. The directed audit process requires the approval holder to nominate an independent auditor. The independent auditor must then be approved by the Department prior to the commencement of the audit. In considering a nominated auditor, the Department requires the auditor to submit an Auditors Declaration of Independence form together with the curriculum vitae of all nominated audit team members.
- b. No, the risk is mitigated due to the auditing profession being bound by the principles of ethical conduct, fair representation and due professional care. Further, the audit criteria must also be agreed by the Department prior to the audit commencing and the resulting audit report must address the audit criteria to the satisfaction of the Department.
- c. There have been occasions where a nominated auditor has been refused on the grounds of there being a personal, financial, business or employment relationship with the approval holder or the project to be audited.

- d. In reviewing the files to provide a response to this question, it was identified that there was an error in the reporting of 15 EPBC approved projects which were directed to undertake since 2012, it was 14 audits. See attached list below. Please note that it is now departmental practice to require summaries of all independent audits to be made publicly available.

**Attachment A:**

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**Compliance audits commissioned upon the direction of the Minister since 2012:**

<b>EPBC/SD No:</b>	<b>Approval/Permit Holder</b>	<b>Project</b>	<b>Auditor</b>	<b>Summary published on the Department's Website</b>
EPBC 2007/3213	Apache Energy Ltd	Development of the Van Gogh petroleum field for oil offshore from Exmouth WA	Environmental Resources Management	No
EPBC 2009/4796	Jandakot Airport Holdings Pty Ltd	Construction of a fourth runway associated taxiways, runway extensions and clear land for the development of aviation and commercial precincts	Strategen Environmental Consultants	No
EPBC 2010/5759	Process Minerals International Pty Ltd	Development of the Poondano Iron Ore Project located approximately 20km south east of Port Hedland in the Pilbara Region of WA	Greg Barrett & Associates Pty Ltd	No
EPBC 2007/3297	Moolarben Coal Mines Pty Limited	The establishment of a coal mine and associated infrastructure 40 kilometres east of Mudgee, NSW.	GHD	Yes

EPBC 2009/4930	BC Iron Limited	Development of the Nullagine Iron Ore Project including the development and operation of a 'greenfield' iron ore mine, Eastern Pilbara, WA.	Equinox Environmental	Yes
EPBC 2009/5155	Satterley Property Group	An urban residential development at Lot 9049, Marmion Avenue, Butler, WA.	Graham A Brown & Associates	Yes
EPBC 2008/4211	Rural City of Murray Bridge	The proposed realignment and sealing of Ferries McDonald Road, approximately 10 km south of Murray Bridge, SA.	Australian Water Environments	No
EPBC 2008/4176	NSW Department of Primary Industries	Pilot Offshore Artificial Reef located off Sydney, NSW.	Deloitte Touche Tohmatsu	Yes
SD2008/882	NSW Department of Primary Industries	Pilot Offshore Artificial Reef located off Sydney, NSW.	Deloitte Touche Tohmatsu	Yes
EPBC 2008/4032	Rio Tinto Australia	To undertake development of a new port facility and associated infrastructure at Cape Lambert in the Pilbara Region of WA.	BMT Oceanica Pty Ltd	Yes
SD2008/822	Rio Tinto Australia	To undertake development of a new port facility and associated infrastructure at Cape Lambert in the Pilbara Region of WA.	BMT Oceanica Pty Ltd	Yes

EPBC 2008/4398	Queensland Gas Company Ltd/BG International Limited	To develop, construct, operate and decommission the coal seam gas component of the Queensland Curtis LNG Project, including expansion of the QGC operated coal seam gas fields in the Surat Basin.	Deloitte Touche Tohmatsu	Audit in progress.
EPBC 2008/4059	Santos Limited	To develop, construct, operate and decommission coal seam gas resources in the Surat and Bowen Basins between Roma and Emerald in Queensland.	SLR Consulting Australia Pty Ltd	Audit in progress.
EPBC 2009/4974	Australia Pacific LNG Pty Limited	To develop, construct, operate and decommission coal seam gas resources in the Walloons gas fields within the Surat Basin in south central Queensland.	URS Australia Pty Ltd	Audit in progress.