



A Practical Approach to Assessing and Managing Potentially Contaminated Land

Preventing the Pitfalls - Buying, Selling, Assessing, Auditing and Remediating Contaminated Land

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Company Background

- Commenced in 1988 36th anniversary this year
- Solve EHS challenges and build a more sustainable future
- Implement innovative, cost effective solutions
- Services include:
 - Site investigation and remediation
 - Environmental Auditing (Peter is an EPA Appointed Environmental Auditor for Contaminated Land and Industrial Facilities in Victoria and accredited as a Site Auditor in NSW)
 - o EHS Auditing and regulatory compliance





Company Background

- Services Include
 - Air Quality Assessments
 - o Water and Wastewater
 - EHS Due Diligence Mergers and Acquisitions
 - ESG: Environmental, Social and Governance
 - Waste Reduction and Recycling
 - Water Stewardship and Conservation
- Servicing Melbourne, Sydney and Brisbane, with capabilities to deliver a wide range of projects nationally and internationally (particularly the Pacific region through the Inogen Alliance)
- Global connections achieving superior local results

Presentation Overview

Part one presented by Peter Ramsay, parts two and three presented by Andrew Green

Note: This presentation is for information only and is not intended to present legal or consulting advice.

Presentation Overview

Part One: Buying and Selling Contaminated Land

- Identifying liabilities
- The process of environmental due diligence
- Review of contract/Section 32 statement
- Reliance on previous environmental reports
- Case study

Part Two: Assessing and Auditing Contaminated Land

- · Undertaking an independent assessment
- · Engaging consultants and environmental auditors
- Desktop review
- Conceptual site model
- · Preliminary and detailed site investigations
- · Preliminary risk screening assessments and environmental audits
- Risk assessment
- Implementing control measures
- Case studies

Part Three: Options for Managing Land Impacted by Contamination

- Remediation and management
 options
- Environment management plans
- Ongoing management and monitoring
- Check controls
- Case studies

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Part One: Buying and Selling Contaminated Land

Buying and Selling Contaminated Land

Identifying Liabilities Prior to Acquisition

- Buying land?
 - Consider whether past activities, including the use of nearby land, may have caused contamination at the site.
 - Engage a qualified and experienced environmental consultant to undertake an assessment.
 - Financial lending institutions are increasingly requiring environmental due diligence before providing a loan.

Obligations under the Environment Protection Act 2017

- There are obligations under the *Environment Protection Act 2017* (the 'Act') relating to the disclosure of information regarding contaminated land.
- Section 39(2) of the *Act* requires:
 - (e) provision of adequate information to enable any person who is reasonably expected to become a person in management or control of the contaminated land to comply with the duty to manage contaminated land.
- This above requirement may require disclosure where contaminated land has been identified during due diligence. However, as outlined in Section 8 of EPA Publication 1977.1, you are only required to share information relating to contaminated land when it will support the reduction of the risk of harm. It is not intended to be a mere disclosure of facts.
- As described in Section 214(1) of the Act.

'If a preliminary risk screen assessment statement or an environmental audit statement has been issued in respect of a site, the person in management or control of the site must provide a copy of the preliminary risk screen assessment statement or the environmental audit statement (as the case requires) to any person who proposes to become the person in management or control of the site.'

The Process of Environmental Due Diligence

- The process of environmental due diligence evaluates properties for potential issues such as hazardous materials or petroleum contamination and contaminants in the groundwater or soil of the property.
- Due diligence protects potential buyers from being held accountable for any pre-existing contamination on the land.
- Can include limited compliance review and health, safety and sustainability (i.e., ESG)

Common Environmental Risks

- Above/below ground tanks
- Interceptor Pits
- \circ On-site treatment plants
- Waste storage
- Hazardous waste
- Historical land uses
- Off-site sources

Deriving Value from Environmental Due Diligence

- Important to obtain adequate information
- Professional assessments and environmental advice
- Commence investigations sooner rather than later
- Risks can be quantified with reliable data
- Be aware of the level of risk you will accept
- Determine preferred development approach
- Also consider less preferable approaches

Review of Contract

- Review contract in detail
- Seek legal/environmental advice regarding contract conditions related to the environment
- Statement of Environmental Audit is not a guarantee that there are no environmental liabilities
- Land use restrictions (e.g., requirements for ongoing monitoring/management, restrictions on below ground structures or use of groundwater, etc.)

Review of Contract/Section 32 Statement

• The Section 32 Statement (provided by the seller to the purchaser) must include all information about the property, including information that may affect the state of the property. In particular, information that may affect the decision of the buyer.

When reviewing contracts beware of statements like:

• "The Vendor has not made and shall not be construed as having made any representation or warranty that the Property is free of contaminants. Prior to entering into this Contract, the Purchaser has made its own enquiries and investigations as to the environmental state of the Property and the Purchaser has relied and relies entirely on the result of its investigations and on its own judgment in entering into this Contract."

Review of Contract/Section 32

 In some cases, contamination information may be permanently on the title. In other words, a search of the title will reveal a contamination problem. The title can include reference to a Section 173 Agreement that is an agreement between council and the landowner.

Be cautious of wording such as:

- "The Owner must ensure that, at the Owner's cost, the fill or other material constituting the capping the subject of Clause 2.8 is maintained properly and to the satisfaction of the Council so as to isolate any contamination."
- There may be future liabilities that are realized during redevelopment of a site.

Reliance on Previous Environmental Reports

- If you cannot understand a report, there are often potential issues
- Check report reliance obtain reliance if possible (there may be a fee)
- You may not be legally entitled to rely on reports environmental consultants typically only extend liability to the client that engaged them. This is a requirement of Professional Indemnity Insurance
- Have the report independently reviewed by a qualified professional
- Fill any data gaps so environmental liabilities can be identified

Case Study: Unexpected Finds During Development

- 1.6 hectare site in regional Victoria that was proposed to be subdivided for housing associated with a standard residential land use
- Previous environmental investigation report was provided to purchaser in Section 32, indicating site suitability
- During development of the site waste was encountered on the site
- PJRA was engaged to provide environmental advice
 - First stage was to review background information and previous assessments of the site to develop a preliminary CSM
 - Preliminary soil sampling was conducted based on the preliminary CSM
 - The results of the preliminary sampling indicated that the site was contaminated and remediation and further assessment were recommended to address the known contamination and the potential for groundwater to have been contaminated
- Development was put on-hold pending legal action and clean up, EPA was also involved

Part Two: Assessing and Auditing Contaminated Land

Assessing and Auditing Contaminated Land Undertaking an Independent Assessment

Engage an experienced environmental consultant or an environmental auditor to perform the following tasks

- Develop the Scope of the Investigation
- Prepare a site description
- Desktop assessment
- Conduct site investigation(s)
- Conduct contamination assessment
- Prepare a conceptual site model (CSM)

Sufficient investigation will result in the identification of all key hazards and reduces uncertainty/liabilities

Feed findings of investigations into master planning

- Change land uses to minimize remediation
- Divest less contaminated land to generate funds

Assessing and Auditing Contaminated Land Engaging a Consultant

- Often necessary to provide specialist expertise to assist in identifying risks
- Ask for recommendations from colleagues, Auditors
- Typically, about the people involved in the project team, not necessarily the firm
- · Focus the decision on someone who you can work with
- Essential to have trust open collaborative relationship, particularly when problem solving
- Do not engage someone who tells you what you want to hear – when necessary, good consultants tell you what you don't want to hear
- Establish consistent scope Auditor involvement can help

- Ensure you have pragmatic, skilled people who can deal with groundwater, soil vapour, risk assessment
- Be prepared to step in and manage Consultants if decision making is slow
- Do not focus on initial cost only part of the equation
- If a quote is cheap, scrutinize it!
- Often costs blow out due to inadequate assessment
- Avoid having to repeat work do it right the first time

Additional information regarding the engagement of a consultant is provided in **EPA Publication 1702**

Assessing and Auditing Contaminated Land Engaging an Environmental Auditor

- Often the involvement of an Environmental Auditor is required as a condition of a planning approval or a notice issued by EPA
- Same principles for engagement apply as with a Consultant
- Use the EPA Auditor List as a basis
- Meet the Auditor and their team at proposal stage (face to face, preferably on-site if possible)
- Ensure that the Consultant and Auditor have worked together before and will communicate effectively
- Ensure that the Auditor is accessible and will communicate with all parties
- Maintain a positive relationships with all consultants

Desktop Review

- A necessary first stage of any assessment
- Desktop review is the gathering and review of available information, which allows the prioritization of further investigation (PSI/DSI), which is a key step where there are many sites and/or limited time/funds for further investigation
- May include the development of a risk matrix with key information on sites (i.e., location, geology, hydrogeology, site history, current activities/hazards, proximity to receptors, compliance history, etc.)
- EPA's website includes guidance on key hazards by industry
- May be completed with or without the assistance of a consultant (i.e., consultant could assist with setup and review or complete entire exercise)
- Useful in the development of the scope for any further investigation

Source: State Library of Victoria, 2020

Assessing and Auditing Contaminated Land

Conceptual Site Model

- A conceptual site model (CSM) is used to identify any **sources** of contamination, the **pathways** through soil, water or air that the contamination may migrate through, and the human or environmental **receptors** that may be harmed from the contamination.
- A CSM is a key tool in any assessment to identify whether any potential contamination poses a risk to human health or the environment that would result in the land being unsuitable for the current or proposed future land use.

Assessing and Auditing Contaminated Land Preliminary Site Investigations (PSI)

Detailed in Schedule 2 of National Environment Protection Measure (NEPM)

A PSI can only conclude site is suitable if there is no evidence of potential contamination, or

the contamination is localised. It provides a 'snapshot' of the site – alludes to whether there

Includes:

 Desktop study (identifying site location, land use, layout, building construction, geological and hydrological setting, historical land uses, and activities at the site)

are issues which need to be further assessed.

• Site inspection

Identifies:

- Potential sources of contamination
- Areas of potential contamination
- Potential human and ecological receptors
- Potentially affected media (soil, water, air)

Assessing and Auditing Contaminated Land Detailed Site Investigations (DSI)

Detailed in Schedule 2 of National Environment Protection Measure (NEPM)

When is a DSI required?

 When the results of the PSI indicate that contamination is present or is likely to be present and the information available is insufficient to enable site management strategies to be devised

Includes:

- Sampling Program (Soil, Groundwater, Vapour) - based on CSM
- May incorporate site specific human health risk assessment where elevated contaminant levels are identified
- Necessary to satisfy current Environmental Audit requirements in Victoria

Identifies:

 The nature of the contamination and delineate its lateral and vertical extent

Assessing and Auditing Contaminated Land Planning triggers for assessment

- Planning and Environment Act 1987 Section 12 (1A)
 - Ministerial direction No.1 potentially contaminated land
 - Specifies that, in preparing an amendment which allows land to be used for a sensitive use, a planning authority must satisfy itself whether or not the land or parts of the land, are potentially contaminated
 - Before it gives a copy or notice of the amendment under Section 17, 18 or 19 of the Act a planning authority must ensure that an environmental auditor has issued a preliminary risk screen assessment statement stating that an environmental audit is not required for sensitive uses
 - Before it gives a copy or notice of the amendment under Section 17, 18 or 19 of the Act a planning authority must ensure that an environmental auditor has issued an environmental audit statement stating that the land is suitable for sensitive uses

Assessing and Auditing Contaminated Land Preliminary Risk Screening Assessments & Environmental Audits

- The purpose of a PRSA is:
 - to assess the likelihood of the presence of contaminated land; and
 - to determine if an environmental audit is required; and
 - if an environmental audit is required, to recommend a scope for the environmental audit.

Section 204 of the Environment Protection Act 2017

- The purpose of an environmental audit is:
 - to assess the nature and extent of the risk of harm to human health or the environment from the contaminated land; and
 - to recommend measures to manage the risk of harm to human health or the environment from the contaminated land; and
 - to make recommendations to manage the contaminated land, waste, pollution or activity

Section 208 of the Environment Protection Act 2017

Diligence

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Assessing and Auditing Contaminated Land – PPN30 (1 of 2)

Planning Proposal		Potential for Contamination		
		High	Medium	
Uses defined in Ministerial Direction No. 1, th	ne EAO, and clause 13.04-1S			
 Sensitive uses: Residential use, childcare centre, kindergarten, pre- school centre, primary school, even if 	New use, or buildings and works associated with a new use	А	в	
ancillary to another use.Children's playgroundSecondary school	Buildings and works associated with an existing use	В	В	
Other land use	·			
Open space Agriculture Retail or office	New use, or buildings and works associated with a new or existing use	С	D	

Source: Potentially Contaminated Land – Planning Practice Note 30 (PPN30)

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Assessing and Auditing Contaminated Land – PPN30 (2 of 2)

	Planning Scheme Amendment	Planning Permit Application	
А	PRSA or audit option applies	PRSA or audit option applies	Due Diligence
	Proceeding directly to an audit is recommended.	Proceeding directly to an audit is recommended.	
В	PRSA or audit option applies	PRSA or audit option applies	
	PRSA to determine need for audit is recommended.	PRSA to determine need for audit is recommended.	Assessme
С	PSI to inform need for audit is recommended PSI to inform need for audit is recommended		
D	Planning authority to document consideration of potential for contamination to impact proposal	Responsible authority to document consideration of potential for contamination to impact proposal	- Remediation
Note: \ be use	Where land is used for more than one purpose, the most s d to inform the approach to determining if an audit is rec	sensitive land use should quired.	Menicering
Source	: Potentially Contaminated Land – Planning Practice Note 30) (PPN30)	

Assessing and Auditing Contaminated Land Risk Management Process

- EPA Guidance on Risk Assessing and Controlling Risk: A Guide for Business (EPA Publication 1695.1)
- Information on hazards and risks is necessary to fulfil your duties with respect to the management and notification of contaminated land
- The 'implementation' and 'checking' of controls provides for a completed risk management process
- Use the four step 'risk management process' provided in EPA's 'Self Assessment Tool'
- Applies to all activity risk levels, however may be most applicable to 'medium' and 'high' risk activities
- Other aspects which may exacerbate hazards risk:
 - Where there are a large number of sites (even sites with 'low' risk activities)
 - The location of sites (i.e., inner city, near sensitive ecosystems/receptors)
 - The size of site (i.e., large landholdings)
 - Where there are varied activities across sites (where activities/risks may be flying 'under the radar')

Assessing and Auditing Contaminated Land Assess Risks

- EPA publication 1695.1 Assessing and Controlling Risk: A guide for Business – internal assessment.
- Detailed risk assessment may be necessary where significant contamination is identified
- Site specific assessment of risk for the designated land use
- Must consider risks to both human health and the environment
 - Human Health Risk Assessment (HHRA)
 - Environmental Risk Assessment (ERA)

Due Diligence

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Assessing and Auditing Contaminated Land Assess Risks

- Consider specific exposure scenarios:
 - Commercial workers
 - Residents (both acute and chronic exposures)
 - Maintenance workers in sub-surface excavations
 - Ecological receptors
- Perform further investigation based on results of the PSI/DSI to allow further understanding of risk:
 - Additional soil/groundwater sampling
 - Continuous monitoring (soil vapour/ground gases)
- Refine the Conceptual Site Model (CSM) based on findings
- Determine if contamination is 'notifiable' per EP Act 2017 (see EPA Pub. 1940, February 2021)

Assessing and Auditing Contaminated Land Implementing Control Measures

- Once assessment of the potential risks has been completed (i.e., following PSI>DSI>risk assessment), control measures must be implemented to address the identified risks
- Control measures may include one or a combination of the following (in order of preference):
 - Elimination of hazard:
 - Including soil and groundwater remediation
 - Engineering controls:
 - Capping and/or containment of contamination
 - Administrative controls:
 - Preparation of a Management Plan to manage contamination
 - Alternate land uses to manage contamination

Case Study

- Site proposed for residential development
- Site had a former quarry and piggery, with the quarry backfilled
- Site subject to Environmental Audit prior to development
- Initial environmental investigations (completed prior to Audit) indicated a low risk of contamination
- Further investigation of the backfilled quarry was required during the Audit

Case Study

- Pig carcasses and inert waste were identified in the base of the quarry
- Landfill gas and aesthetic impacts
- Extensive community consultation
- Attention from politicians, media and EPA
- Ultimately all waste was removed at great expense
- Assessment and remediation took 5 years to complete (LFG and GW monitoring required following remediation)

Stockpiled Inert Waste from Quarry

Media Attention Following the Identification of the Odorous Waste

Backfilled Excavation Following Remediation

Part Three: Options for Managing Land Impacted by Contamination

Dig and Dump

- Excavate soil and dispose of to landfill
- Easy on vacant sites, difficult around infrastructure
- Useful for metals, persistent organics and asbestos
- Pros: Easy to implement, good for limited time/space
- Cons: High cost:
 - ~\$100/tonne for Category C waste ('gate' price)
 - ~\$350/tonne for Category B waste ('gate' price)
 - ~\$600/tonne for Category A waste ('gate' price)

Capping and Containment

- At sites where the risks associated with contaminated soils are limited to direct contact exposure, a capping layer may be sufficient.
- For the simplest containment systems, a physical capping layer may be all that is required to
 prevent exposure to contamination that is present in the soil. The capping layer (or barrier) may
 take the form of an impermeable covering such as an asphalt or concrete ground surface, a
 structure (such as a building), or a simple separation layer of clean soil.
- The length of time that the contamination needs to be contained is an important consideration, and the risk that containment fails needs to be assessed. It may be that containment needs to effectively be maintained in perpetuity for the life of the development.
- Ongoing monitoring and management measures should be documented and implemented to
 prevent the release of contaminants from the containment cell over time, and a monitoring plan
 should include trigger levels and contingency measures that can be implemented if the trigger
 levels are exceeded.

Bioremediation

- Stockpile soil, mix with compost/fertilizer, insert pipes, cover with plastic
- Bugs consume contamination
- Suitable for volatile contaminants such as petroleum hydrocarbons.
- Pros: Low cost, easy to design and install
- **Cons:** periodic maintenance and large amounts of space

Solidification

- Encapsulate contaminants in inert matrix, e.g., cement
- Typically generates a gravelly soil which may be reused on-site (subject to classification)
- Suitable for coarse soils (sands, gravels etc.)
- **Pros:** Relatively inexpensive
- **Cons:** Need a pilot trial, can take time to implement, need space for batching plant, permitting/permissions may be necessary

On-site Treatment

- Includes methods such as incineration, thermal pyrolysis (e.g., Renex), soil vapour extraction, oxidation
- Two new facilities in Melbourne
- **Pros:** Reasonable costs on large scale projects, destruction of contaminant
- **Cons:** Generally not suitable for small sites

Environment Management Plans

Purpose of an EMP in the Context of Contaminated Land

To manage the potential for exposure of site users to residual contamination and/or to maintain separation (barriers)/vapour mitigation systems

Barriers may be as simple as maintaining a hardstand or as complex as maintaining a vapour mitigation system

May be required as a result of environmental audit and is therefore necessary for development (i.e., as a condition of a statement)

May require ongoing monitoring

Ongoing Management and Monitoring

- Remediation may not be the final step in the process
- Checking/auditing of control measures
- Preparation of documentation for ongoing management of the site
- Ongoing monitoring at select time intervals (e.g., annual/biannual, etc.)

Requirements for Ongoing Monitoring

- Following the completion of remediation/containment, ongoing monitoring may be required
- This may include, groundwater, soil vapour, ground gas monitoring
- There are ongoing costs associated with such monitoring
- Further assessment/Auditing may be necessary to cease monitoring

Check Controls

- Once control measures have been implemented, a system of checking/auditing the control measures must be undertaken.
 This may include:
 - Fulfilling regulatory compliance obligations (i.e., EPA's current Annual Performance Statement/Permission Information and Performance Statement (PIPS))
 - Internal auditing of controls/systems
 - External auditing of controls/systems
- Involvement of an Environmental Auditor (this is <u>not</u> limited to any one stage in the cycle, and EPA may require Auditor involvement for all or particular stages).
- Where activities are subject to an EPA issued Permission (Licence, Permit, Registration), the permission holder will need to comply with the conditions of the Permission, which may include specific management, monitoring and reporting on the activity and the controls in place.
- Conduct regular internal compliance audits to identify gaps/areas of non compliance. Particularly for sites which are not currently subject to EPA Permissions in order to verify compliance with Australian Standards and State environmental regulations (GED).

Case Study: Contamination Identified Late

- 1,000 m² warehouse in the inner northern suburbs of Melbourne
- The owner of the site was contacted by EPA Victoria regarding petroleum hydrocarbon (incl. LNAPL) contamination identified at properties adjacent to the site (properties subject to Audit)
- Assessment included
 - PSI initial understanding, which identified past uses of the site including use of the site for automotive repairs with two disused underground petroleum storage systems (UPSSs), two suspected UPSSs and a hydraulic hoist pit.
 - Soil and groundwater investigation conducted to determine the nature and extent of contamination.
 - Soil Vapour Assessment and Human Health Risk Assessment
 - Clean Up Plan prepared in response to Clean Up Notice from EPA
- Remediation and 'clean up activities' included:
 - Removal of underground infrastructure and the associated contaminated soil,
 - Multiphase Vacuum Extraction of petroleum hydrocarbon impacted groundwater.
- Validation and monitoring
 - Groundwater assessment was conducted to ensure that the groundwater contamination was 'cleaned up to the extent practicable'

Case Study: Contamination Identified During Due Diligence

- New facility constructed with infrastructure associated with refuelling vehicles
- PJRA was engaged to conduct due diligence assessment for a client considering the acquisition of the site
- Given the nature of the activities on the site an intrusive soil and groundwater assessment was undertaken
- The subsurface soil was found to be contaminated with petroleum hydrocarbons due to a fault in the subsurface infrastructure
- As the issue was identified prior to the sale of the site, the cost of remediation was able to be factored into the contract

Summary

- Contamination is widespread
- Can have significant impacts on big business, developers, investors, houseowners
- Important to understand risks and make informed decisions
- Seek sound environmental and legal advice to quantify environmental liabilities prior to acquisition or divestment to providing a sound basis for commercial decisions
- Site history must be complete and accurate
- Establish any requirement for statutory environmental audit early so that the auditor can be engaged early
- Cost of remediation can increase over time
- Off-site disposal costs will increase further (limited landfill space, increase in levies, etc.)

Questions?

Thank you

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