

**FINAL**  
**COMPLIANCE AUDIT REPORT**  
**AUSTRALIAN PETRO CHEMICAL STORAGE PTY LTD**  
**14 WILLIAMSON ROAD**  
**INGLEBURN NSW 2565**

**NOVEMBER 2011**

This report has been prepared to present the findings of the audit carried out and no responsibility is accepted for its use in any other context, or for any other purpose.

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Office of Environment and Heritage  
59–61 Goulburn Street, Sydney  
PO Box A290, Sydney South 1232  
Phone: (02) 9995 5000 (switchboard)  
Phone: 131 555 (environment information and publications requests)  
Fax: (02) 9995 5999  
TTY users: phone 133 677, then ask for 131 555  
Speak and listen users: phone 1300 555 727, then ask for 131 555  
Email: [info@environment.nsw.gov.au](mailto:info@environment.nsw.gov.au)  
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## EXECUTIVE SUMMARY

An Environment Protection Authority (EPA), Department of Premier and Cabinet Compliance Audit was undertaken at Australian Petro Chemical Storage Pty Ltd located at Ingleburn. The site was audited as part of a state-wide program of audits focusing on the management of major environmental risks and emergency management procedures. The main objectives of the audit were to assess compliance with the requirements of Environment Protection Licence 11690 relating to the management of major environmental risks and emergency management planning, and make recommendations for an action program to address any non-compliance identified during the audit.

Assessment of compliance was undertaken by a detailed audit inspection, information supplied by the enterprise, and a review of records and documentation relating to the premises. The procedures and protocols for conducting compliance audits are detailed in the EPA *Compliance Audit Handbook*. The audit inspection was carried out by officers of the EPA on 27 October 2011.

The findings of the audit indicate that the enterprise was not complying with two conditions attached to Environment Protection Licence 11690 issued under the Protection of the Environment Operations Act 1997.

The non-compliance related to:

- Updating the emergency response plan
- Advertising the telephone complaints line to the public

A risk assessment of non-compliances is used to colour code non-compliances according to their environmental significance and an action program developed. The action program includes a timeframe for non-compliances to be addressed to ensure the licensee deals with issues raised through the audit process in a timely manner (Table 4.1).

While the risk assessment of non-compliances is used to prioritise actions to be taken, the EPA considers all non-compliances are important and licensees must ensure that all non-compliances are addressed as soon as possible.

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## **1.0 INTRODUCTION**

An Environment Protection Authority (EPA) Department of Premier and Cabinet Compliance Audit has been undertaken in relation to Australian Petro Chemical Storage Pty Ltd at Ingleburn. The site was audited as part of a state-wide program of audits focusing on the management of major environmental risks and emergency management procedures. The audit inspection was undertaken on 27 October 2011.

The procedures and processes for conducting EPA Compliance Audits are detailed in the *Compliance Audit Handbook*, which can be accessed on the EPA website at <http://www.environment.nsw.gov.au/resources/licensing/cahandbook0613.pdf>.

### **1.1 Audit Objective**

The objectives of the audit were

- to determine whether the enterprise is complying with environment protection licence requirements in relation to the audit scope and criteria; and
- to outline a time frame for follow-up action to address any non-compliances identified during the audit.

### **1.2 Scope of the Audit**

The scope of the audit is limited to the examination of the activities undertaken at Australian Petro Chemical Storage Pty Ltd, in relation to the management of major environmental risks.

The temporal scope adopted for assessment of compliance is:

- On the day of the audit assessing compliance against Operating Conditions, relating to the management of major environmental risks and emergency management planning; and
- 12 months prior to the end of the audit inspection for assessing compliance against the Monitoring, Recording and Special Conditions and Pollution Reduction Agreements relating to the audit scope.

### **1.3 Audit criteria, evidence and findings**

Audit criteria (the requirements against which the auditor compares collected audit evidence) are the Conditions attached to Environment Protection Licence Number 11690 issued under the POEO Act to Australian Petro Chemical Storage Pty Ltd, in relation to the management of major environmental risks.

Audit criteria may include any document referred to by the licence, or relevant to a particular condition of the licence.

Audit evidence was collected during discussions with site personnel, examination of documentation provided by the licensee and/or contained on EPA files, together with observations made during the audit inspection.

Findings of non-compliance with licence conditions are summarised in Table 2.1. An Action Program provides a time frame for follow-up action necessary to comply with the licence condition concerned.

#### **1.4 Premises and Process Description**

Australian Petro Chemical Storage Pty Ltd operates a chemical storage facility at Ingleburn. It provides a logistics warehouse operation for the storage of chemicals including both bulk liquid and packaged dangerous goods on behalf of various clients.

Chemical handling may include: transfers to and from the tank farm via tankers; loading of road tankers; and filling of smaller drums and containers of about 30000 litres maximum capacity.

The facility is located within the Campbelltown Local Government Area and is surrounded by light industrial businesses. The nearest residences are approximately 750m from the facility.

#### **1.5 Statutory Instruments Issued to the Enterprise**

The EPA has issued the following statutory instruments to the enterprise:

Licence number 11690 issued under the Protection of the Environment Operations Act 1997.

The scheduled activity undertaken at the premises is *Chemical storage* with a fee scale category of > 5000 - 100 000 kilolitres stored.

The anniversary date for the licence is 28 October.

A copy of Licence 11690 can be accessed through the EPA online public register at: <http://www.environment.nsw.gov.au/prpoeoapp/searchregister.aspx>

## 1.6 Risk Assessment of Non-compliances

The significance of any non-compliances identified during the audit process are categorised. Following risk assessment of non-compliances, an escalating response relative to the seriousness of the non-compliance is determined to ensure the non-compliance is addressed by the enterprise.

The risk assessment of non-compliances involves assessment of the non-compliance against two criteria; the likelihood of environmental harm occurring and the level of environmental impact as a result of the non-compliance. After these assessments have been made, information is transferred into the risk analysis matrix below.

Level of Environmental Impact	Likelihood of Environmental Harm Occurring			
		Certain	Likely	Less Likely
	High	Code Red	Code Red	Code Orange
	Moderate	Code Red	Code Orange	Code Yellow
	Low	Code Orange	Code Yellow	Code Yellow

The assessment of the likelihood of environmental harm occurring and the level of environmental impact allows for the risk assessment of the non-compliance via a colour coding system. A red risk assessment for non-compliance denotes that the non-compliance is of considerable environmental significance and therefore must be dealt with as a matter of priority. An orange risk assessment for non-compliance is still a significant risk of harm to the environment however can be given a lower priority than a red risk assessment. A yellow risk assessment for non-compliance indicates that the non-compliance could receive a lower priority but must be addressed.

There are also a number of licence conditions that do not have a direct environmental significance, but are still important to the integrity of the regulatory system. These conditions relate to administrative, monitoring and reporting requirements. Non-compliance of these conditions is given a blue colour code.

The colour code is used as the basis for deciding on the priority of remedial action required by the licensee and the timeframe within which the non-compliance needs to be addressed. This information is presented in the action program alongside the target/action date for the non-compliance to be addressed.

While the risk assessment of non-compliances is used to prioritise actions to be taken, the EPA considers all non-compliances are important and licensees must ensure that all non-compliances are addressed as soon as possible.

## **2.0 ASSESSMENT OF COMPLIANCE**

### **2.1 Compliance with Audit Criteria**

Compliance was assessed against the licensing requirements of the POEO Act, and the requirements of Environment Protection Licence Number 11690 relating to the audit scope and criteria.

Assessment of compliance was undertaken by a detailed site inspection and review of all methods, records and documentation relating to the audit scope and criteria as required by the licence issued to the licensee.

The findings of the audit indicate that two of the conditions of the environment protection licence, relating to the audit scope were not being complied with.

Details of assessment are presented in Table 2.1.



**Table 2.1 Assessment of Compliance with Environment Protection Licence No. 11690**

Statutory Instrument: Environment Protection Licence No. 11690			
Condition No.	Compliance/ Risk assessment for non-compliance *	Comment	Action required by licensee
<b>O</b>	<b>Operating Conditions</b> <i>The audit assessment is based upon evidence relating to the period limited to on the day of the audit inspection.</i>		
O1.1 Licensed activities must be carried out in a competent manner	<b>Managing major environmental risks associated with water pollution</b>		
	Yes	<b>Identification of Major Environmental Risks</b> The licensee has identified major environmental risks associated with the pollution of waters. This includes: <ul style="list-style-type: none"> <li>Leaks and spills on the premises associated with;               <ul style="list-style-type: none"> <li>the operation of the tank farm and warehouse for storing chemicals, and</li> <li>handling of chemicals in bulk containers leading to spills into the stormwater system and ultimately, the Georges River</li> <li>fire leading to the release of a mix of chemicals and contaminated fire water</li> </ul> </li> </ul> The auditors did not identify any other major environmental risks during the site inspection that had not already been identified by the licensee.	
		<b>Use of controls to minimise the Major Environmental Risks Identified</b> The licensee has controls in place to manage the major environmental risks identified such as: <ul style="list-style-type: none"> <li>Procedures               <ul style="list-style-type: none"> <li>Tanks are double valved – both valves closed when not in use</li> <li>Only staff in management positions can provide access to keyed control systems</li> </ul> </li> </ul>	

\* See explanation of risk assessment of non-compliances codes on p3.

Statutory Instrument: Environment Protection Licence No. 11690			
Condition No.	Compliance/ Risk assessment for non-compliance *	Comment	Action required by licensee
		<ul style="list-style-type: none"> <li>• Overfill prevention to eliminate spillage during the filling of tanks through the use of;               <ul style="list-style-type: none"> <li>○ software control which ensures available capacity for the delivery</li> <li>○ high level fill alarms interlocked to stop pumping</li> </ul> </li> <li>• Road tanker overfill protection provided by the operator and cut off valve stationed above the tanker to prevent loss during filling operations</li> <li>• Overfill protection to container filling is provided by a load cell and automatic pump shut off to control spillages</li> <li>• Emergency stop button in the container filling bay in the event of a spill</li> <li>• Tank farm, road tanker gantry, decanting bays and warehouses are provided with secondary containment to collect leaks and spills</li> <li>• Warehouse roof water is directed off site to help maintain the capacity of the spill collection system</li> <li>• The final stormwater pit is fitted with a locked valve which remains closed under normal operation. Water in the pit is only released after visual inspection and a pH test is carried out</li> </ul>	
		<p><b>Monitoring the effectiveness of the controls used by the licensee to manage the Major Environmental Risks</b></p> <p>The licensee monitors the effectiveness of the controls used to manage the major environmental risks identified at the site. Monitoring undertaken by the licensee includes the use of:</p> <ul style="list-style-type: none"> <li>• Routine inspection of tanks and valves to detect leaks and ensure proper operation</li> <li>• Inventory - weekly dipping monitors against loss of stored material</li> <li>• Routine stormwater system inspections detect leaks and ensures proper operation</li> <li>• Calibration of measuring equipment</li> </ul>	

\* See explanation of risk assessment of non-compliances codes on p3.

Statutory Instrument: Environment Protection Licence No. 11690			
Condition No.	Compliance/ Risk assessment for non-compliance *	Comment	Action required by licensee
		<ul style="list-style-type: none"> <li>Scheduled inspection of tanks to help ensure integrity</li> </ul>	
	<b>Managing major environmental risks associated with air pollution</b>		
	Yes	<p><b>Identification of Major Environmental Risks</b></p> <p>The licensee has identified fire and the off-site migration of toxic material as the major environmental risk associated with the pollution of air at the premises.</p> <p>The auditors did not identify any other major environmental risks during the audit inspection.</p> <p><b>Use of controls to minimise the Major Environmental Risks Identified</b></p> <p>The licensee uses controls to manage the major environmental risks such as</p> <ul style="list-style-type: none"> <li>Procedures ensure               <ul style="list-style-type: none"> <li>The correct separation of incompatible chemicals in storage</li> <li>Elimination of potential ignition sources onsite to help prevent fires</li> <li>All maintenance work on the premises is subject to a procedure requiring gas testing to reduce the potential for fire/explosion</li> </ul> </li> <li>Tanks in the tank farm have fixed rooves – a nitrogen blanket is provided in the air space to reduce vapour production and potential for fire</li> <li>Tanks in the tank farm are fitted with pressure relief valves to reduce the risk of tank rupture</li> <li>Deluge spray systems are installed over the truck loading gantry, drumming area and tank farm to help prevent fires</li> <li>Dead-man switch located at the road tanker gantries limits the potential for a large spill of flammable liquid</li> </ul>	

\* See explanation of risk assessment of non-compliances codes on p3.

Statutory Instrument: Environment Protection Licence No. 11690			
Condition No.	Compliance/ Risk assessment for non-compliance *	Comment	Action required by licensee
		<ul style="list-style-type: none"> <li>Staff training – confined space entry, use of breathing apparatus and spill equipment</li> </ul>	
		<p><b>Monitoring the effectiveness of the controls used by the licensee to manage the Major Environmental Risks</b></p> <p>The licensee monitors the effectiveness of the controls used to manage the major environmental risks at the site. Monitoring undertaken by the licensee includes the use of:</p> <ul style="list-style-type: none"> <li>Maintenance procedures including tank integrity testing, road tanker earth trip testing, fire detection system testing and pressure testing flexible pipes at the road gantry</li> <li>Routine inspections of control and monitoring equipment - emergency stop switches</li> <li>Calibration of portable gas detectors</li> <li>Drills and simulations to help ensure that site staff responds as required to emergency situations</li> </ul>	
	<b>Managing Major Environmental Pollution Incidents</b>		
	Yes	<p><b>Procedures, processes and equipment for managing major environmental pollution incidents</b></p> <p>The licensee has procedures, processes and equipment in place to manage major environmental incidents. The procedures include:</p> <ul style="list-style-type: none"> <li>Emergency response procedures for major risks have been prepared</li> <li>Evacuation of personnel and notification to Senior Licensee management</li> <li>Notify customers, product owners and neighbours</li> <li>Notification to NSW Fire Services</li> </ul>	

\* See explanation of risk assessment of non-compliances codes on p3.

Statutory Instrument: Environment Protection Licence No. 11690			
Condition No.	Compliance/ Risk assessment for non-compliance *	Comment	Action required by licensee
		<ul style="list-style-type: none"> <li>Notification of other Government Authorities (EPA, WorkCover)</li> <li>Availability of emergency response equipment</li> </ul>	
	Yes	<b>Emergency Response Plan</b> <i>Documentation systems and procedures within the Emergency Response Plan to deal with all types of incidents and keeping the Plan onsite</i>	
	No <b>Code red</b>	<i>Maintaining the Emergency Response Plan</i> The licensee has not updated the emergency response plan, with references to another company appearing throughout the document. In addition, the plan refers to appendices that could not be produced on the day of the audit; for example: <ul style="list-style-type: none"> <li>Appendix B1 –Emergency Telephone Log</li> </ul> The EPA is concerned that the plan is not updated to provide for appropriate authorities or the community to be promptly informed of a major environmental incident.	The licensee must ensure that the Emergency Response Plan is updated immediately to ensure a complete document is available on site.
<b>M</b>	<b>MONITORING CONDITIONS</b> <i>The audit assessment is based upon evidence relating to the period limited to 12 months prior to the end of the audit inspection.</i>		
M4.1, M4.2 & M4.4	<b>Recording of pollution complaints</b> These conditions were not applicable at the time of the audit as there is no evidence to indicate that any pollution complaints were received during the audit scope that required recording. However it is noted that the licensee has mechanisms in place to record all the required details if any complaints are received that relate to pollution from the premises.		
M4.3	It is beyond the scope of the audit to determine whether the licensee retains the records for at least 4 years. The licensee has records of complaints made in the past and the EPA has no reason to believe that those records would not be kept for the required 4 years.		
M5.1	Yes	<b>Operating a telephone line for receiving complaints</b>	

\* See explanation of risk assessment of non-compliances codes on p3.

Statutory Instrument: Environment Protection Licence No. 11690			
Condition No.	Compliance/ Risk assessment for non-compliance *	Comment	Action required by licensee
		The licensee operates, during its operating hours a telephone line for the purpose of receiving any complaints from members of the public.	
M5.2	No <b>Code Blue</b>	<p><b>Advertising the telephone complaints line number to the public</b></p> <p>The licensee does operate during its operating hours a telephone line however it was noted on the day of the audit the site contact number was located on a sign adjacent to the entrance driveway, however it did not state that the number was for the purpose of making a complaint.</p> <p>The EPA is concerned that a contact number is not displayed for the purpose of receiving any complaints from members of the public.</p>	The licensee must inform members of the community that the advertised telephone line is a complaints line that can be used by members of the public for the purpose of making complaints relating to pollution from the premises.
M5.3	This is a deeming clause that determines the applicability of Conditions M5.1-M5.2 and no assessment of compliance is required. It is noted that M5.1 and M5.2 do apply as the licence was been issued for more than 3 months.		
R	<p><b>REPORTING CONDITIONS</b></p> <p><i>The audit assessment is based upon evidence relating to the period limited to 12 months prior to the end of the audit inspection.</i></p>		
R2.1 & R2.2	<p><b>Notification of environmental harm</b></p> <p>These requirements did not apply as no incidents causing or threatening material harm to the environment occurred within the scope of the audit.</p>		

\* See explanation of risk assessment of non-compliances codes on p3.



### **3.0 FURTHER OBSERVATIONS**

Further observations are recorded where issues of environmental concern were observed which do not strictly relate to the scope of the audit or assessment of compliance. Further observations are considered to be indicators of potential non-compliances or areas where environmental performance may be improved.

The audit team did not identify any further observations during the audit inspection.



#### 4.0 ACTION PROGRAM

The following action program must be undertaken in relation to Australian Petro Chemical Storage Pty Ltd.

**Table 4.1 Action Program – Environment Protection Licence No. 11690**

Condition No.	Action Details	Non-Compliance Code	Target/Action Date
O1.1	<i>Maintaining the Emergency Response Plan</i> The licensee must ensure that the Emergency Response Plan is updated immediately to ensure a complete document is available on site.	<b>Code red</b>	Immediately
M5.2	<i>Advertising the telephone complaints line number to the public</i> The licensee must inform members of the community that the advertised telephone line is a complaints line that can be used by members of the public for the purpose of making complaints relating to pollution from the premises.	<b>Code Blue</b>	5 January 2012

EPA considers that the licensee should take the necessary actions to ensure that environmental performance is improved in relation to any matters identified as a Further Observation in Section 3.0 of this Report.





## **APPENDIX A**

### **LICENSEES RESPONSE TO DRAFT REPORT**

Mr Dennis Pascall  
Regional Operations Officer  
Department of Environment and Conservation NSW  
21<sup>st</sup> November, 2011-11-21

Reference: FIL11/9620 (Licence Number 11690)

Dear Dennis,

Thank you for your audit report following the inspection conducted by both yourself and Christopher Kelly on 27<sup>th</sup> October, 2011.

The report lists the following conditions to be addressed.

Condition No. 01.1


- Appendix E3 is in place however it is kept in the Emergency Response Training. Copy of Appendix E3 and the monthly training records were sited on the day of the audit and later emailed on request.  
Dick Benbow of Benbow Environmental will be consulted to consider placing Appendix E3 in all the Emergency Procedure Plan folders.
- Appendix BI to be updated by Benbow Environmental immediately.
- Any other company references to be removed immediately.

Condition No. M5.2

- The Company sign adjacent to the entrance driveway displaying the Company telephone number will have the clause added;

"If you have any complaints regarding the operation of this facility please contact APCS on the number displayed."

Yours sincerely



Dave Clark  
SHEQ Manager  
Australian Petro Chemical Storage PTY LTD

## **APPENDIX B**

### **LETTER COVERING LICENSEES RESPONSE TO DRAFT COMPLIANCE AUDIT REPORT**



Office of  
Environment  
& Heritage

Your reference:  
Our reference: FIL11/9620  
Contact: Dennis Pascall 02 9995 5573

Mr Dave Clark  
SHEQ Manager  
Australian Petro Chemical Storage Pty Ltd  
14 Williamson Road  
INGLEBURN NSW 2565

Dear Mr Clark

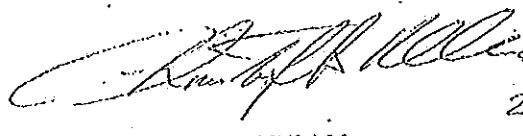
Re: Final Compliance Audit Report – High Risk Facilities Audit  
AUSTRALIAN PETRO CHEMICAL STORAGE PTY LTD 14 Williamson Road (Licence Number  
11690)

The Environment Protection Authority (EPA) is pleased to present you with a copy of the Final Compliance Audit Report for Australian Petro Chemical Storage Pty Ltd premises located at Ingleburn. The compliance audit was undertaken as part of the EPA's program of compliance audits across the state, focussing on industries that pose a high risk of environmental harm.

The comments provided by you in your letter dated 21 November 2011, have been considered when finalising the report (refer to Appendix 1). Your comments have also been attached as an Appendix to the final report together with a copy of this letter. A copy of this report will be available in the EPA Library for public review.

I would like to take this opportunity to thank you and your staff for the co-operation during the audit. If you require further information or clarification on any matters regarding this audit, please do not hesitate to contact Dennis Pascall on 02 9995 5573.

Yours sincerely



22/11/2011

CHRISTOPHER KELLY  
A/Manager Compliance and Assurance Section  
Environment Protection Authority

Enclosure: Final Audit Report Australian Petro Chemical Storage Pty Ltd

## Appendix 1

### Condition O1.1

*Maintaining the Emergency Response Plan – for example:*

- *Appendix E3 – Emergency Planning Drills and Equipment Testing Program*

On the day of the audit inspection, the EPA audit team observed that Emergency Response Plan did not contain Appendix E3. However the EPA acknowledges that Appendix E3 did exist and was stored in a separate location at the premises.

The EPA also notes that the licensee will be updating the Emergency Response Plan immediately.

Based on the information provided by you, EPA has amended the comment contained within Table 2.1 of the Final Report.

### Condition M5.2

*Advertising the telephone complaints line number to the public*

The EPA notes that the licensee will be advertising its telephone number for the purpose of receiving any complaints from members of the public.