

Business Operating System



**Setlow Constructions Pty Ltd
A.B.N. 1508 3415 258
167 Quinns Hill Rd East
Stapylton Q 4207**

AS/NZS ISO 9001:2000
Quality System for Civil Engineering Works

Quality Policy¹

Setlow Constructions Pty Ltd has as its core activities the Laying of Conduits and Bulk Earthworks and is committed to providing quality Site Development Works to the satisfaction of its Clients, and the Company's financial viability. The Company's Quality System, known as the **Business Operating System** embraces AS 9001:2000.

Management believes that Quality starts from the onset, planning, implementation and delivery of the Project and shall be exemplified by:

- The detailed attention shown to Clients' requirements especially through the "Tender review" process.
- The step-by-step verification of conformance to customers' specifications.
- Every worker's innovativeness, professional up-to-date technical competency, and their commitment to performing quality work.
- On time completion

The Company shall pursue a policy of continuous improvement by regularly reviewing procedures and quality objectives, to ensure their currency and appropriateness, and the workers shall participate in upgrading skills training.

Workers shall be given opportunity to contribute to the continuous improvement of the quality system, and all matters affecting quality shall be promulgated to relevant workers.

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Noel Smyth
Managing Director

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¹¹ AS/NZS ISO 9000:2000 4.2.1

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Environmental Protection Policy

The nature of the work undertaken by Setlow Constructions Pty Ltd invariably involves interaction with the natural environment. The Company's environmental objective is to minimize the immediate, as well as the long term impact of the contracted works upon the environment. This is achieved by:

- Managing compliance with applicable statutory requirements, codes of practice, standards and guidelines.
- Establishing identifiable boundaries and operational objectives aimed at the elimination of work related incidents or impacts from our activities and services.
- Defining roles, responsibilities and levels of accountability for the environment.

To implement the above, an Environmental Management Plan shall be prepared for every Project, addressing (but not limited to) the following:

- Pre-work inspection and report by stakeholders (Fauna and Flora Environment / Indigenous Cultural Heritage / Property Owners / Project Managers / Construction Contractors)
- Minimum vegetation trimming and clearance
- Site tidiness and materials layout during construction
- Traffic and access
- Sediment confinement to site
- Minimal ground disturbance and contamination
- Air quality and noise abatement
- Disposal of waste
- Diversion of waterways
- Re-instatement of site

Considerations involving the effect on the community (if applicable) and property owners shall also be addressed.

The Project Manager and Works Coordinator shall be responsible for the promulgation and implementation of the Plan. The Company has an Incident Response Plan and Report procedure to deal with any unforeseen breaches of above arrangements.

The Company has a continual improvement and updating procedure in these issues which includes periodic training by qualified personnel.

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Noel Smyth
Managing Director

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Workplace Health & Safety Policy

Commitment to Safety

Setlow Constructions Pty Ltd is committed to providing a safe and healthy workplace for all of its employees and others (who work under its jurisdiction). The Company recognizes the dangers of the activities performed by its workers at all levels and holds their safety in high regard, and to that end shall ensure compliance with all applicable statutory requirements, codes of practice, standards and guidelines, as relevant within each State.

The Company accepts both the Statutory and Common Law requirements to provide a safe Place and System of work, to provide safe Plant and ensure the competency of the workers for the task for which they are employed.

Achievement of Objectives

These goals and requirements shall be achieved by:

- Practical pre-planning to form a safe methodology, in view of all the known physical circumstances, for the implementation of each project
- Appropriate instruction to all staff re safety measures (Site Inductions and Start – up meetings)
- Ensuring appropriate qualifications / experience are held by the workers for the work they are to perform and the machines they are to operate
- Supply of properly maintained plant and equipment
- Adequate and experienced operational supervision is allocated to the Project
- Adequate on-going safety oversight

Injury and Rehabilitation

The Company shall ensure that at all times appropriate Statutory Workers' Compensation Insurance is held and in the unlikely case of an injury, that procedures for an appropriate immediate response are in place. Further-more, that the relevant legislated Rehabilitation programs are implemented, while keeping the welfare of the worker paramount. The Managing Director shall ensure the proper investigation and reporting of the incident so as to provide the basis for future preventative action.

Continuous improvement

The Managing Director shall ensure the continuous updating of safety practices by appropriating information and technology from external as well as internal sources.

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Noel Smyth
Managing Director

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INTRODUCTION

Setlow Constructions Pty Ltd is engaged in the civil engineering business of laying Conduits and Bulk Earthworks. The Company carries out it's undertakings under the following arrangements:

- a) Contracted work where Setlow Constructions Pty Ltd are the Principal / Head Contractor (ie working directly for the Client)
- b) Contracted work where Setlow Constructions Pty Ltd are Sub – contractors to the Principal / Head Contractor
- c) Non – contracted / Day – Hourly Rate work as required
- d) Hiring out of Machines with or without Operators.

The various documentation and processes included in this system satisfy the requirements of Setlow Constructions Pty Ltd, however, it should be noted that from time to time, either the Client or Principal Contractor may require Setlow Constructions Pty Ltd to generate additional records and documentation for their own purposes. These additional requirements may also extent to the practical implementation of the project. In all such cases the matters will be seen as contractual obligations and will be raised at the time of Contract Review.

A. About the Documented Quality Assurance System

A.(i) Quality Policy

In order of priority, the “Quality Policy” precedes this Introduction.¹ The Company “Quality Policy” shall be prepared by or at the direction of the Managing Director, and shall be reviewed generally on an annual basis, but being reissued and dated at no later intervals than bi-annually.

The final responsibility for all Business Operating System / Quality Assurance matters lies with the Managing Director of Setlow Constructions Pty Ltd and is transmitted to all personnel through the organization structure depicted on the chart in this manual.

A(i).(a) Standard

The Business Operating / Quality System shall comply with all requirements of AS / NZS ISO 9001 - 2000 and shall be subject to Annual review. The system shall be implemented at the day to day level by the Project Manager who shall have delegated authority to maintain (ie keep updated and accessible) and promulgate the System (documentation) to all workers.

¹ AS 9001:2000 4.2.1.(a)

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A.(ii) Business Operating System¹

The **Quality System**, covering all the activities of the Company, shall be known as the **BOS** ie the **Business Operating System** of Setlow Constructions Pty Ltd, covering all activities and be documented in the following manner:

1. Three peak performance Indicator Documents:
 - The Quality Policy
 - The Environmental Policy
 - The Workplace Health & Safety Policy

2. The Business Operating System

Part 1 – The Quality Manual (Statements of Requirement)

	Introduction
Section 1	Administration
Section 2	Organization
Section 3	Procurement
Section 4	Winning Tenders
Section 5	Installation Operations
Section 6	Environmental Protection
	Matrix – Manual compared to AS / NZS ISO 9001 : 2000

Part 2 – All supporting documentation ie

- Forms & Templates² (which facilitate the implementation of the above activities and provide the basis for required records)
- Job Descriptions and Skills Matrix
- Procedures
- Work Instructions / JSEA's

A Forms and Templates Register together with blank copies of the forms is kept in Part 2 of the documented BOS.

Notwithstanding the fact that some forms and procedures have been in operation for some time, as this is the first compilation of a documented Quality system all documents shall be known as Version 1 with a commencement date of 1st Jan 2008.³

The Managing Director acknowledges that it is the timely completion of contracted Site Works which meet client specifications, that are the key to successful and continued business, therefore a suite of Business Operating / Quality System Procedures has been drawn up to provide the basis for consistent performance.

¹ AS 9001:2000 4.2.1.(b), 4.2.2 (a)

² AS 9001: 2000 4.2.1.(d)

³ AS 9001: 2000 4.2.3.(c)

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A.(iii) Authority for BOS documentation

Responsibility for the:

- Creation of
- Content and presentation of
- Amendment of
- Long Term Archiving of

BOS documentation lies with the Managing Director. Other matters eg the Filing and Accessibility of the BOS may be delegated to the Project Manager.

A.(iv) Presentation and Accessibility of BOS

Two “hard” copies (controlled copies) of the Business Operating System, both Part 1 and Part 2. ¹ shall be maintained (by Project Manager) for reference .

Copies of obsolete pages / sections shall be kept for 12 months and then destroyed (unless management believes that there may be some reference benefit in keeping the document longer)².

Copies of Part 1 of the Business Operating System (QA Manual) may be made available to prospective Clients on a “commercially in confidence” basis.

B. Legislation

The Project Manager shall ensure that all activities and supply to clients, meets legislated requirements in the state in which the work is performed. Apart from legislated technical specifications, Setlow Constructions Pty Ltd shall conform to the provisions of the (relevant State):

- Indigenous Heritage Culture & Environmental Protection Legislation
- Workplace Health & Safety Legislation

B.(i) Indigenous Heritage Culture & Environmental Protection Issues

Setlow Constructions Pty Ltd shall ensure that all activities do not exceed the Indigenous Heritage Culture & Environmental Protection limits placed upon their projects in relation to Indigenous Culture (historical) issues, the lay of the ground, water-ways, natural Resources and wildlife. Re-instatement shall be carried out in a professional manner.

Preparatory inspections in relation to both Indigenous Heritage Culture (ie the discovery of Artifacts etc) and Natural Resources and Wild Life impact and the likely dislocation / re-location required shall be carried out under the jurisdiction of the relevant authority. Where necessary, daily inspections in this regard shall be carried out by the on-site Works

¹ AS 9001:2000 4.1 (c), 4.2.2 (b)

² As 9001: 2000 4.2.3.(g)

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Coordinator, and the matter shall also be a standing agenda item for the legislated WH&S Site Induction (for all workers).

Refer to Procedure No.2 of the documented Business Operating System.

B.(ii) Workplace Health & Safety Issues

Setlow Constructions Pty Ltd shall ensure that all the on-site preparatory and construction activities conform to the relevant State WH&S Legislation.

As most of the undertakings involve trenching and excavation work (with some 'hard stand' projects), particular attention is paid to the supervision and implementation of strategies associated with safe machine operation, materials movement, safe confined space work (ie methods to avoid engulfment) .

Appropriate licences and certificates are held by workers involved in the above activities.

Works Coordinators (on-site supervisors) are appointed based on their proven competency, qualifications and experience.

C. Resources

The Managing Director shall have overall responsibility for the provision of adequate resources to meet the contracted business of the Company eg.

- management / administration and financial resources
- equipment (machinery, vehicles and tools etc) and, if required unique equipment, that may be designed and constructed "in house" and that may or may not conform to Australian Standards. ¹
- outsourced supply
- adequate competent workers²
- technical consultative arrangements ³

D. Quality Objectives⁴

To provide clear direction in the day-to-day management of the company, the Managing Director shall ensure the setting of **Quality Objectives** from time to time, having them reviewed at the quarterly BOS Review. These objectives may reflect the need to monitor operational change or identify ongoing performance requirements across all departments of the Company. Refer also Section 2 Administration and Form number 1.

¹ AS 9001:2000 7.4.1

² AS 9001:2000 6.2.1² AS 9001:2000 7.4.1

³ AS 9001:2000 4.1 (d)

⁴ AS 9001:2000 4.1 (f), 4.2.1 (a)

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E. Reviews

It is Company policy that all phases of the business be reviewed at least annually, and to that end a Review schedule has been set up to consider the application (section by section) of this BOS, together with the above mentioned Quality Objectives

F Changes to Quality System

The Managing Director shall ensure that during the implementation of major changes to the quality system, the integrity of the quality processes is maintained.¹

G Exclusions²

Following are the details of items required by AS / NZS ISO 9001:2000 which have NOT been addressed in this Business Operating System, and the reason for their “exclusion”.

AS 9001:2000	Requirement	Reason for Exclusion
Section 7.3	Design & Development	Work not undertaken
Section 7.5.3	Identification & Traceability (refer Section 4.5 also)	By-enlarge construction materials (including pipes) do not have allocated unique Product ID.

H Preventative Action³

The Company places a heavy emphasis on pre-planning the methodology of practical implementation of all projects.

This is evidenced by² the processes involved at the time of contract review through to tender submission. The regular “construction meeting” has a standing agenda item for discussion of new projects and the sourcing of (all) resources to complete the project.

The concept of preventative action shall be carried through to the day-to-day activities via the regular site start-up meetings and toolbox talks.

I Warranty for Work Completed

Under the normal terms of civil construction engineering, the company will give periods of warranties of all work, as per contracted obligations. Any work required to be carried out under this arrangement shall be treated as new work under section 5 of this manual although all documentation is to be filed with the original project.

¹ AS 9001: 2000 5.4.2 (b)

² AS 9001:2000 4.2.2.(a)

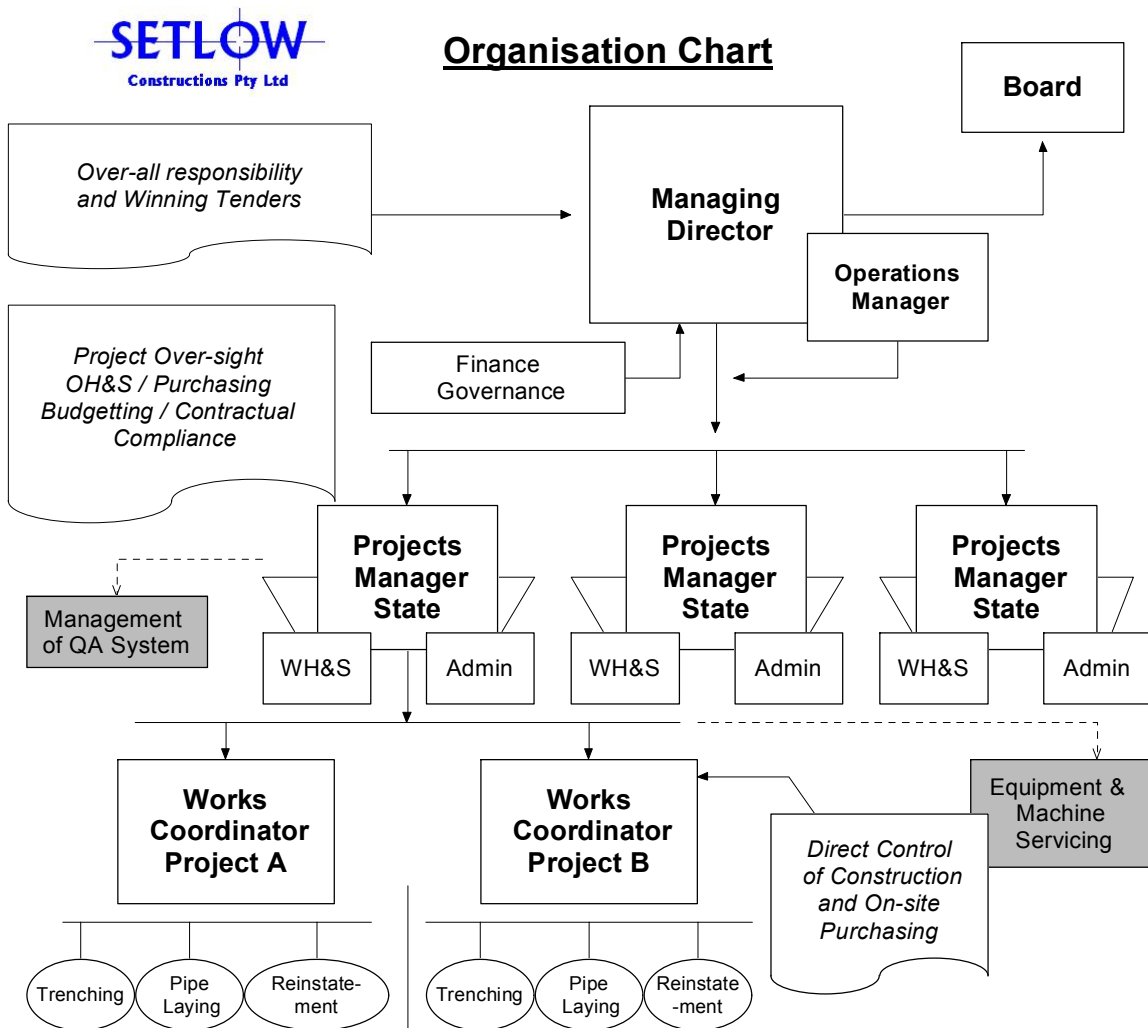
³ AS 9001:2000 8.5.3

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1.0 ORGANISATION

1.1 Organisation Chart¹

Setlow Constructions Pty Ltd is managed by a Managing Director, an Operations Manager, a Project Manager appointed for each state and (site) Works Coordinators who supervise the construction work being carried on by the workers.



¹ AS 9001:2000 4.2.2. (c)

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1.2 Q.A. System Supervisor - Project Manager

The Managing Director shall have the overall responsibility of ensuring compliance of the system to requirements of AS/NZS ISO 9001 – 2000, however the day to day management of the system shall be delegated to the Project Managers.¹

1.3 Communication for Management of Business²

There are **THREE** regular meetings which form the basis of formal communication within the Company: Refer Procedure number 10 Content of Meetings.

1.3.1 Management (Key Meeting)

A regular “Construction” meeting attended by the MD, Operations Manager, Project Manager, Works Coordinators and Admin Officer, shall be the key management communication strategy for the business. The Agenda Form 2A and Procedure 10 Content of Meetings. Minutes of the meeting are to be documented and a record kept (2 years).

1.3.2 Works Coordinators / Workers

Weekly operational meetings shall be held between Works Coordinators and Workers on-site. The Project Manager and Safety Officer may also attend these meetings.

The basis of these meetings is the completed Form number 3 “Weekly Site Meeting” which provides for daily on-going matters. Also, these meetings are used to give workers the opportunity to contribute to the work plan by way of suggestion and feedback.³

The completed Form number 3 “Weekly Site Meeting”, including the signatures of the attendees shall be recorded and kept for a period of at least 2 years.

1.3.3 Business Operating and (QA) System Audit Review

A meeting shall be held quarterly attended by the MD, Operations Manager, Project Manager and the Internal Auditor to discuss:

- the results of the quarterly audit.
- the ongoing implementation of the System (providing the basis for corrective action in relation to non-conformances – especially client complaints)⁴
- application and completion of relevant Quality Objectives.
- continual improvement of system

Refer Procedure 10 Contents of meetings.

¹ AS 9001:2000 4.2.3.

² AS 9001:2000 4.1 (f) (e)

³ AS 9001:2000 8.5.3

⁴ AS 9001: 2000 8.5.2 (f)

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The above **three** mentioned meetings are the key communication channels for the running of the business; however, there is a statutory requirement for a Site Induction of all workers on a given project, prior to the commencement of that project and these are held in conformance to the Law viz.

1.3.4 (Statutory) Construction Site Inductions

Statutory obligations in all states require a safety induction of workers on the site in relation to the risks associated with the activities to be carried out at that site.

The Project manager shall be responsible for:

- the implementation of such inductions prior to the commencement of the work
- the conformance of contents to any legislated provisions ¹ (See BOS Part 2 Procedure No 1)

1.4 Staffing Levels² / Job Descriptions

The Managing Director shall have the overall responsibility of ensuring the availability of appropriately competent workers in all areas of the Company and the documenting of their Job Descriptions (Refer Part 2 of the Manual).

Project Managers shall be responsible to ensure the relevancy and currency of Licences held by workers. The Licences, Certificates and qualifications held by all workers (notified at the time of appointment by the worker on the “New staff Info Form”) shall be recorded by the Admin Officer in the “Skills Matrix”, and kept updated according to the competencies gained by workers.

1.5 Workers’ Training³

Project Managers and Works Coordinators shall be responsible for the:

- Identification of particular training needs
- Selection of Training Courses
- Implementation of Training schedules

under the jurisdiction of the Managing Director.

The Managing Director shall ensure the implementation of agreed “Continual Improvement” provisions for all workers.

¹ (Qld) WH&S Reg 1997 Sect 170, (NSW) OH&S Reg 212 – 223, (VIC)

² AS 9001: 2000 Sect 6.1 & 6.2.1

³ AS 9001: 2000 Sect 6.2.2

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2.0 ADMINISTRATION

2.1 Overview

It is the intention of the Management of Setlow Constructions Pty Ltd that the administration infrastructure should provide the basis for:

- > day-to-day operations of the business AND
- > the continuous improvement of the business.

In essence the infrastructure comprises the following key areas:

- e) Quality Objectives
- f) Documentation
- g) Systems and Processes (Computerized system / Operational procedures)
- h) Communication
- i) Review

2.2 Quality Objectives

The Managing Director shall document, and promulgate to the relevant parties via the Weekly Construction Meetings or other periodic meetings, identifiable and measurable Quality Objectives as appropriate from time to time. Objectives shall include, but not be limited to:

- a) Construction Performance Targets
- b) Manning Schedules
- c) Procurement & Stock Levels (Materials)
- d) Supervision
- e) Site Requirements
- f) Administration

These objectives shall cover all areas of the enterprise and create focus for operations in the period in question. Refer Form 1 Quality Objectives. The achievement and appropriateness of these objectives shall be reviewed at the Quarterly Audit Review Meeting, the results being recorded in the minutes.

The Managing Director shall maintain a file (electronic and / or hard copy) for the implementation and review of these Objectives.

2.3 Documentation¹

All working documentation (Forms / Documents / Records) shall be identified and recorded in a register showing the Form No, Title and authorization date. The Project Manager shall remove any documentation not in use from the system and adjust the register accordingly.

¹ AS 9001:2000 4.2.1(e)

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Revised documents shall be reviewed and approved by the Managing Director prior to issue, and the register adjusted.

It should be noted that on some Projects, Clients may require the keeping of their own “in-house” documentation, and in those cases where these forms duplicate Setlow Constructions Pty Ltd records, then the Client’s will be used instead of the Company’s (to avoid the keeping of two sets of records).

Documents related to any particular Procedure / process / function, shall be available at the point of usage of such documents.

Background information relating to detail of revision and change for system documents shall be retained as an archive and identified in case of need for reference.

Refer details in Procedure No 3

2.3.1 Records

Records may exist in either “hard Copy” form or electronic media.

The Managing Director shall have over-all responsibility for the appropriate completion of all relevant Records; however, the Project Manager shall be responsible for the correct completion of all operational documentation. Quality Records shall include but not be limited to the following:

- 1) Operational Check lists
- 2) Inspection and Commissioning Records
- 3) Drawings and Specifications related to Projects
- 4) Non-conformance Reports and Corrective Action Requests
- 5) All types of Audits & Reports
- 6) All types of Certification
- 7) Management Reviews
- 8) Training / Competency Records
- 9) Project Performance Records

Depending on the statutory requirements OR the contract specification, the Quality Records may also include, but not be limited to:

- 10) Inspection and Test Plans
- 11) Certifications of test compliance
- 12) Approvals by statutory authorities
- 13) Certified drawings.

All Records shall clearly identify their relevance, especially noting the appropriate Job number / name etc.

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All records are to be appropriately archived to provide ready retrieval, clearly noting the “date of destruction (or deletion)” which shall be scheduled according to the length of time the particular record needs to be kept. Notwithstanding this procedure, the MD shall authorize the destruction of all records immediately prior to that activity taking place.

2.4 Systems and Processes

The Managing Director shall ensure the annual review of the following, to ensure the correctness¹ of their content and both their current and future appropriateness.

- a) The use of standard software and a computer system (for day-to-day operations)
- b) MYOB Accounting system for the keeping of financial records
- c) Documented systems and procedures for the activities of the Company.

The implemented Systems and Procedures shall also include but not be limited to the following —

2.4.1 Internal Audit²

Internal Quality audits shall be conducted annually, utilizing an appropriate checklist based on Standard AS/NZS ISO 9001 – 2000 covering :

- a) Business Operating (Q A) System (Statements of Requirement)
- b) Quality System Procedures
- c) JSEA’s (detailed directions)

to review the correctness of their content, and verify conformance and effectiveness of the activities of the Company. The results of audits shall be distributed to the relevant supervisors related to the area audited

These Internal Quality Audits shall be the subject of review at the quarterly BOS Audit Review meeting (refer Section 1.3, 2.3 and Procedure 5 Internal Audits and Procedure 10 Content of Meetings) which sets out the planned and periodic audits of all internal activities within the scope of the Business Operating (QA) System).

2.4.3 Finance³

The Managing Director shall ensure the availability of Financial Resources for (but not limited to) the following:

- Materials (to effect implementation of specified service)
- Labour
- Supervision
- Machinery and Equipment
- Technical and Administrative Infrastructure (Including computer systems)

¹ AS 9001: 2000 8.5.3.

² AS 9001:2000 8.1.(b)

³ AS 9001: 2000 4.1(d)

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➤ Buildings etc
 to provide Clients with the contracted Services that meet all the levels of quality identified in this Business Operating System.

To this end a review of the above shall occur at the Company Board Meetings.

2.4.4 Risk Management¹

Discussion and documentation regarding this matter may be treated confidentially at Executive level.

The Managing Director shall implement a process of Risk Analysis, documenting those potential hazards or commercial circumstances that would pose a risk to the profitable continuance of the business, and the solutions put in place to overcome them.

A review of these matters shall be carried out by the 31st March and 30th September of each year, such review being verified (signed and dated) by the Managing Director as to the appropriateness of the matters contained therein.

Issues to be addressed, shall include but not be restricted to:

- Threats to continued Materials Supply (to Setlow Constructions Pty Ltd by Suppliers)
- Alternatives to the continued requirement for Setlow Constructions Pty Ltd current Services (ie a review of emerging technology)
- Competition in the Market (new or current)
- Loss of Key People
- Continued implementation of Statutory Reporting / Compliance
- Immediate loss of current Administrative Systems (including back-up of computer system)
- Natural disasters involving head Office Premises and infrastructure.

2.4.5 Continual Improvement²

The Management of Setlow Constructions Pty Ltd has intended that an understanding and pro-active approach to the implementation of:

- the Company Policy on Quality
- the Business Operating System
- Procedures AND
- JSEA's

together with the expertise of workers and the supply of adequate resources, should provide the basis for the perpetual provision of quality (ie the avoidance of non conformities) Services. Further-more, as justifiable opportunities arise for improvement in

¹ AS 9001:2000 1.1 (a)
² AS 9001:2000 8.1 (c)

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the way these Services are delivered, then they will be implemented as a means of continual improvement of¹ Services to Setlow's customers.

To ensure the continual improvement and competitive edge of the Company, the Managing Director shall ensure the implementation of the:

- Audit System (refer BOS 2.4.1)
- Communication for Management of the Business (refer BOS 1.3)
- Management Review (refer BOS 2.6)
- Continual Improvement provisions of Staff Job Descriptions

2.5 Communication

Refer section 1.3 for details of the communication structure.

2.6 Management Review²

Quality records shall form the basis of the quarterly review of the Business Operating (QA) System Audit Review by management. These records shall include, but are not limited to:

- Internal Audits
- Customer Complaints
- Corrective Action Requests (which shall also document the cost involved for each)
- Non-conformance Reports
- External Audits
- Training and Personnel records
- Review Meeting Minutes

The attendees and a list of the standing Agenda Items are set out in the Section 1.3

¹ As 9001: 2000 8.5.3

² AS 9001:2000 5.1 (d)

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3.0 WINNING TENDERS

3.1 Winning Tenders Strategies:

The Managing Director shall be responsible for the development of continuous strategies to win Tenders for the company's Services.

3.2 Winning Tenders Operations:

3.2.1 Contract / Tender Review¹

Tenders from particular stakeholders are actively sought and upon receipt are reviewed with a view to supplying the stakeholder with a Tender Submission (Quote) within the allotted time.

All Tender Submissions shall be prepared, based on (but not limited to) a critical review of the following issues. ie:

- Completion time requirements
- Practical (Installation operations) considerations
- Available Expertise and Labour
- Availability of Machines & Operators
- Topography and soil Tests
- EPA & Indigenous ramifications
- Working corridor
- Inspection and Test Plans, and required Records / Documentation
- Availability of materials
- Financial considerations

The Company realizes the practicalities of negotiating an equitable contract for construction work and readily accommodates attendance at and involvement in "due diligence" meetings as part of the 'contract' process.

In those cases where a "Letter of award" is issued, further review shall be undertaken to ensure conformance to "Tender submission", and where necessary a revision of the 'Tender Submission' may be lodged. In these cases Work will only proceed when formal contracts are signed.

Details in Procedure 7.0 "Tender / Contract Review"²

¹ AS 9001: 2000 7.2.2

² AS 9001: 2000

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3.3 Clients

3.3.1 Client's Requirements¹

The Managing Director shall implement such procedures as to ensure that customer requirements are clearly documented and understood. Refer Procedure 7 Tender / Contract Review.

Customer requirements shall also include where applicable reference to:

- any relevant legislated requirements (especially in relation to construction processes)
- alternative Materials availability and Installation processes due to technology progress
- associated requirements not specified by Customer

3.3.2 Service to Clients

The nature of the construction work in which Setlow Constructions Pty Ltd is involved requires the Company to be responsible for "Client Service" in TWO areas:

- Progressive installation in accordance with stakeholder specifications and requirements re boundaries, EPA, and indigenous limitations etc
- The 'as specified' operation of the installed work for a contracted period AFTER completion of the project.

Setlow Constructions Pty Ltd, obliges the first of the above by continuously consulting with on-site stakeholder representatives during the work of the project and then in the second case by providing warranty service for any instances of non conformance within the contracted period (refer Section 6 of this manual).²

3.3.3 Client complaints

Client complaints fall within TWO categories ie those that occur during the life of the project and those that become evident after the project has been completed and the site demobilised. The latter instances are treated as "Warranty" Issues – refer Section 6 of this Manual.

The Company takes Client dissatisfaction seriously and to ensure a speedy resolve provides on site Management with authority to liaise with Clients and resolve (work in progress) issues within stated limits.

All complaints outside these limits, and any involving industrial issues, MUST be advised to the MD expeditiously.

Refer Procedure 9 Customer Complaints

¹ AS 9001:2000 7.2.1 (a)

² AS 9001:2000 7.5.2

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4.0 PROCUREMENT

4.1 Suppliers

It is the intention of the Company to ensure that purchases are made to conform to required Client and stock specifications, from suppliers who can provide them at a competitive price, in a timely manner Suppliers so selected shall be entered into the Company's "Supplier Register" ¹.

All supplies shall be inspected upon receipt to ensure conformance requirements.

The need for supplier quality assurance audit and product source inspection to be carried out shall depend on the complexity of items services, past history of supplier performance, confidence level of the supplier's system and product, including documentation and data, Inspection and Test plan or Quality Plan.

4.2 Purchase Orders²

Purchase of materials falls into TWO categories:

- Major purchases of materials (for Projects) and Machinery and other Capital items
- Day to day consumables and minor equipment

The former requires the authorization of the Managing Director and the latter by the Project Manager or Works Coordinator.

Purchase order contents shall include a clear description of:

- Items
- Services
- Specifications
- Drawings (issue and title)
- Applicable standards or other codes
- Identification and details of preservation, packaging, shipping, and storage
- Other documentation³

All purchase orders shall be reviewed for content and authorised by the relevant level of authority.

¹ AS 9001:2000 7.4.1

² AS 9001:2000 7.4.2 (a) to (c)

³ AS 9001:2000 7.4.2

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4.3 Materials / Goods Receipt / Inspection and Storage¹

Materials, shall wherever possible, be purchased for delivery to relevant SITE. All materials and goods shall be clearly and identifiably signed for on a relevant Delivery Docket or Invoice.

All nonconforming materials shall be marked and segregated. A Non-Conformance Report shall be generated. "Rejected" material shall be classified according to the degree / type of nonconformity, eg

- Requiring re-work to meet specifications
- "Accepted" where minor defect shall not affect function
- "Rejected" and scrap-able
- "On-hold" awaiting further disposition details

Final disposition shall be decided by the Project Manager.

4.3.1. Handling:

Materials shall be protected against damage by ensuring they are appropriately protected at time of receipt. All protective-handling devices shall remain on the item until they are removed for installation.

4.3.2 Receipt / Inspection²

All incoming items or materials shall be inspected for conformity to Setlow Constructions Pty Ltd or client requirements and specifications. Refer Procedure 8

4.3.2. Storage:

Items shall be stored to ensure the prevention of deterioration, damage or loss of identification. If necessary, Project order materials for specific contracts / orders shall be segregated and identified. Refer Procedure 8.

4.4 Customer supplied Materials³

In instances where the Company's work includes client supplied materials, that Client will be required to clearly note the specifications of the materials on the delivery documents and certify the conformance of that (supplied) material to specifications at the point of receipt by Setlow Constructions Pty Ltd.

However, Setlow Constructions Pty Ltd shall carry out the usual inspection upon receipt (of the items) for transit damage, and for general condition and compliance to any documented specification / drawings supplied by the customer.¹

¹AS 9001:2000 7.4.3

²AS 9001:2000 7.4.3

³AS 9001:2000 7.5.4

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Items supplied by the client shall be stored to ensure the prevention of deterioration, damage or loss of identification. If necessary, Project order materials for specific contracts / orders shall be segregated and identified. Refer Procedure 8.

4.5 Materials ID & Traceability²

The Company's level of materials trace-ability conforms to Industry Standard, and is limited to the product detail appearing on supplier documentation ie Delivery docket / Invoice eg.

- Product code
- Type / Details / Description
- Quantity

Generally individual lengths of pipe are not uniquely identified.

The details of Purchase Orders and Delivery dockets / Invoices shall be recorded so as to reflect the relevant "Job" for which the purchase was made.

For contracted Projects requiring ID and traceability of installed equipment, recording systems will be implemented to ensure the details required are recorded and filed per the contract.

¹ AS 9001:2000 7.4.3

² AS 9001:2000 7.5.3

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5.0 INSTALLATION OPERATIONS¹

Setlow Constructions Pty Ltd is engaged in the civil engineering business of laying Conduits and Bulk Earthworks. The Company carries out its undertakings under the following arrangements:

- a) Contracted work where Setlow Constructions Pty Ltd are the Principal / Head Contractor (ie working directly for the Client)
- b) Contracted work where Setlow Constructions Pty Ltd are Sub – contractors to the Principal / Head Contractor
- c) Non – contracted / Day – Hourly Rate work as required
- d) Hiring out of Machines with or without Operators.

The various documentation and processes included in this system satisfy the requirements of Setlow Constructions Pty Ltd, however, it should be noted that from time to time, either the Client or Principal Contractor may require Setlow Constructions Pty Ltd to generate additional records and documentation for their own purposes. These additional requirements may also extend to the practical implementation of the project. In all such cases the matters will be seen as contractual obligations and will be raised at the time of Contract Review.

5.1 Contract Review / Quote

All Tenders shall be reviewed by the MD (or at the MD's discretion). The Form 4 "Contract Review" is to be used as the basis for Contract preparation.

All variations are to be supported with hard copy confirmations

5.2 Installation

5.2.1 Pre-planning

The pre-planning work is carried out under the direction of the Managing Director and Project Manager, and site implementation is under the jurisdiction of an experienced Works Coordinator.

5.2.2 Preparatory Works

Preparatory works (including work corridor boundaries) shall be carried out in accordance with Stakeholder, EPA and Cultural / Heritage requirements. Accredited animal spotters and Arborists shall be engaged as necessary. Surveyors shall be contracted to mark out easement.

¹ AS 9001:2000 7.5

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Site Offices / Amenities shall be located and worker, Site (safety) Inductions shall be held in accordance with (Qld) WH&S Act 1995. (See Site Induction Pro-forma). This induction also provides an overview of the Project.

Site Start-up meetings shall be held at the commencement of the Project to ensure the detail of the work is known and understood, and then continued at weekly intervals (or more regularly if needed).

5.2.3 Construction¹

Construction shall be carried out with regard to Industry 'best practice', having regard to operational innovations which may be necessary. Work Coordinators shall have responsibility to ensure the safety of the operations. All work shall be installed in accordance with the relevant company JSEA's (Job Safety & Environmental Analyses) / Work Method Statements / Work Instructions.

Work Coordinators shall ensure the:

- service-ability of all machinery
- accuracy and security, storage & appropriate handling of measuring devices
- availability and relevance of JSEA'
- availability of appropriately competent workers
- conformance of construction to specification
- rehabilitation of site

5.2.4 Ongoing Supervision

Project Managers shall oversee the practical ongoing conformance of the installation to specifications per ITP's. This shall be evidenced by the supervision of confirming survey and test work. Reports of progress shall be tabled at the regular Construction meeting. Daily/ Weekly progress reports shall be given by the Works Coordinator to the Project Manager for the updating of the 'Construction Program'.

5.2.5 Testing²

Setlow Constructions Pty Ltd shall implement the agreed "Inspection and Test Plan" required to control the installation process. Any necessary verification equipment related to these procedures shall be made available by the company. All such verification procedures carried out on any installation shall be executed by appropriately accredited or trained personnel who shall issue the appropriate certification of Test. Testing shall include but is not limited to the following.

Operational / Construction Testing

¹ AS 9001:2000 7.5.1 (a), (b), (c), (d), (e), (f)

² AS 9001:2000 7.5.2. (a), (b), (c), (d), (e).

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- EARTH — Compaction tests
- ASS (Acid Sulphate Soil) Where potential ASS are identified in the bore logs (pre tender)
- WATER COURSE — Alkalinity, Salinity, Acid Sulphate tests

Final Testing

- PIPE - Rising Main installations must be hydrostatically (filled with water at pressure) tested.
- Gravity installations must be air tested (pressurised with air)
- Ovality tests — only required where material of pipe is UPVC (Un-plasticised Poly Vinyl Chloride), PVC (Poly Vinyl Chloride), PP (Poly Propylene), PE (Poly Ethylene) and GRP (Glass reinforced pipe). Concrete, DICL (Ductile Iron Cement Lined) and Vitreous clay (VC) pipes are exempt.
- CCTV (Closed Circuit Television) is another specialized (by others) test.
- MANHOLES — Manholes (numbers are determined based on length of line) will be air tested.

5.3 Inspection, Measuring and Test Equipment ¹

The purchase of all such equipment MUST be recorded on Form 15 Measuring and Test Equipment Log. All testing equipment shall be handled and stored in a manner that protects the item from any damage.

Procedures for the calibration of equipment shall be carried out in accordance with the relevant Australian Standard and such services shall be recorded on the above mentioned Form 15. All calibrated equipment MUST be labeled showing the most recent calibration date.

5.4 Control of Non-conforming Installation & Corrective Action²

A non-conforming installation is one where installation has been completed (if not tested) and subsequent activities (or tests) reveal that the installation does NOT conform to specifications eg Construction Drawings etc

The Managing Director shall have the final responsibility for evaluating and creating a disposition relating to a nonconforming installation ie .

- Requiring to be re-constructed to meet specifications
- "Accepted" where minor defect shall not affect function
- "On-hold" awaiting further disposition details

¹ AS 9001:2000 7.6

² AS 9001:2000 8.3

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All re-work / repaired installations shall be re-inspected for conformity to specification by the normal inspection process, and then logged as a Quality Record.

5.4.1 Non-conformance Reports / Corrective Action Reports

Documentation shall be raised (refer Procedure – 5) to record the above, upon the evidence of:

- > to specification at the point of 'test'
- > to a stated methodology per instruction or JSEA
- > to required Environmental practices.

The status of all un-finalized NCR / CAR's shall be discussed at the quarterly BOS / Audit Meeting, refer section 1.3.3. Based upon the outcome of the NCR / CAR changes, if necessary, will be made to either the operating activities or the Procedure as appropriate. The Managing director shall sight all Forms 9 – NCR – CAR.

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6.0 ENVIRONMENTAL PROTECTION

The nature of the work undertaken by Setlow Constructions Pty Ltd invariably involves interaction with the natural environment. The Company's environmental objective is to minimize the immediate, as well as the long term impact of the contracted works upon the environment. This is achieved by:

- Managing compliance with applicable statutory requirements, codes of practice, standards and guidelines.
- Establishing identifiable boundaries and operational objectives aimed at the elimination of work related incidents or impacts from our activities and services.
- Defining roles, responsibilities and levels of accountability for the environment.

To implement the above, an Environmental Management Plan shall be prepared for every Project, addressing (but not limited to) the following:

- Pre-work inspection and report by stakeholders (Fauna and Flora Environment / Indigenous Cultural Heritage / Property Owners / Project Managers / Construction Contractors)
- Minimum vegetation trimming and clearance
- Site tidiness and materials layout during construction
- Traffic and access
- Sediment confinement to site
- Minimal ground disturbance and contamination
- Air quality and noise abatement
- Disposal of waste
- Diversion of waterways
- Re-instatement of site

Considerations involving the effect on the community (if applicable) and property owners shall also be addressed.

The Project Manager and Works Coordinator shall be responsible for the promulgation and implementation of the Plan. The Company has an Incident Response Plan and Report procedure to deal with any unforeseen breaches of above arrangements.

The Company has a continual improvement and updating procedure in these issues which includes periodic training by qualified personnel.

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Setlow Constructions Pty Ltd
167 Quinns Hill Rd East
STAPYLTON 4207

Business Operating System

Schedule of Conformance to AS/NZS ISO 9000:20000

See attached

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