

8 November 2019

Ms Lisa Gropp  
Commissioner  
Productivity Commission  
Resources Sector Regulation  
Locked Bag 2, Collins Street East  
MELBOURNE VIC 8003

Dear Ms Gropp,

**SUBJECT: PRODUCTIVITY COMMISSION ISSUES PAPER – RESOURCES SECTOR REGULATION**

Cement Concrete & Aggregates Australia (CCAA) is the peak industry body for cement manufacturers, concrete suppliers and extractive operators throughout Australia.

Collectively known as the **heavy construction materials industry**, our members are engaged in the quarrying of sand, stone and gravel, the manufacture of cement and the supply of pre-mixed concrete (the most common construction material on the planet) and a range of other materials such as road base, to meet Australia's building and construction needs. These members range from large global companies, to SMEs and family operated businesses and operate hard rock quarries, sand and gravel extraction sites, cement production and distribution facilities and concrete batching plants.

Our sector is vital to the nation's \$200 Billion building and construction industries and underpins the development of Australia's physical infrastructure, generating approximately \$15 Billion in annual revenue and employing approximately 30,000 Australians directly and a further 80,000 indirectly. There are around 2,200 quarries across Australia where more than 200 Million tonnes of rock, limestone, gravel and sand are collectively extracted.

Heavy construction materials quite literally provide the foundation for the Australian economy and our way of life. Without extractive materials, our nation would not have the roads, railways, bridges, ports, airports, schools, workplaces or homes that make up the built environment. The safe, reliable and affordable supply of materials to these markets is fundamental to sustainable growth and meeting Australia's social and economic needs and the demand for these materials is closely linked to population growth, economic development and community infrastructure requirements.

Our industry faces significant regulatory challenges which have a multiplier effect across the broader Australian, State and Local economies. In many instances, delays and slow processing of planning approvals through state-based regulatory frameworks have led to project deferrals and subsequent investment uncertainty.

A key requirement for our sector is the need for quarries to be close to markets and efficient transport links to be supplied cost effectively. However, the rezoning of concrete batching plants and adjacent neighbourhoods for residential communities simply adds to transport and production costs which are ultimately passed onto the consumer and government. The implications for parts of the construction supply chain are significant when transport and access to major markets break down.

Some of the **key issues that affect the sector and our ability to deliver affordable infrastructure** includes:

- **Timeliness** – little recognition or understanding of resource availability or approval processes. Lengthy processes to approve new quarries reduces the appetite for investment;
- **Inadequate Protection of Quarrying Resources** – the rezoning of adjacent land for residential development without adequate or genuine buffer protections or proper access for transport;
- **Disproportionate Approval Conditions** – Approval conditions that are too onerous or prescriptive or where approvals are delayed, held up or dismissed for insignificant purposes;
- **NIMBYism** – The inability of Local Government to put the long term interests of industry and the broader community over and above community and professional activists;
- **Lack of Strategic Co-Ordination** – Departments and Regulators with different perspectives or approaches, a lack of proper resource mapping or a clear link between the important ongoing role of a quarry to the need for infrastructure plans;
- **Inconsistent environmental regulation and offsets** – conflicting approaches to managing the environment and the significant costs associated with offsets policy;
- **Lack of Awareness or interest** – Government decision-makers lack of interest or awareness of the contribution of the heavy construction materials sector to economic and infrastructure delivery; and
- **Predictability** – intense competition for global capital requires greater investment certainty.

### So, what needs to change?

CCAA argues for the change of **four key principles** across the regulatory landscape.

1. Clear and timely planning processes
2. The long-term protection of industry resources from adjacent, incompatible development
3. Sensible environmental regulation
4. An integrated approach for regulation

#### 1. Clear and Timely Planning processes

Our sector requires stable, clear and timely decision-making in and around planning and development. There can be major difficulties in balancing the supply of aggregate with demand, hence the need for an appropriate planning and approval framework that adequately addresses planning and environmental requirements.

As part of the need to balance supply with demand, CCAA believes there should be the goal of maximising the availability and access to the source of construction materials in the most timely and efficient manner to deliver the infrastructure that our community desires.

Quarry sites are unique in that they usually operate with a long-term operational life cycle. These sites are essentially dictated by geology and act as a finite resource, with little to no opportunity for a site to be moved to a new location. Therefore, a larger degree of planning certainty is required in order for a business to firmly and securely invest in the operations of a quarry site.

Planning decisions and approvals need to be proportionate and risk-based, with a view to securing the long-term life use of quarry resources. Consideration of longer-term consents of more than twenty years and the extension of quarry approval timeframes, following significant amendments to the original consents should be factored in to the approval process.

We also argue that a requirement and understanding of state-interest checks are necessary through state and local planning processes to ensure the needs of the broader community are included. In many instances, conditions within planning permits are often derived from local activist campaigns without the necessary understanding of the critical importance for construction materials.

CCAA has supported recent Supply and Demand studies such as the NSW Department of Industry and the Environment's *Supply and Demand Profile of Geological Construction Materials for the Greater Sydney Region* and we believe that the results of these studies should assist to form the basis of more comprehensive and efficient decision-making processes.

## **2. The long-term protection of industry resources from adjacent, incompatible development**

The capacity to access new and existing resources is critical to effectively meeting the demand for construction materials. Planning policies at State and Local Government levels must identify and protect key aggregate resource areas and set aside these areas to meet future needs.

The reserving and protection of key resource areas need to consider a range of factors including;

- Urban encroachment and sterilisation of aggregate resources;
- Distance from urban, highly populated or industrial areas of high aggregate demand;
- Transport access and infrastructure from the point of excavation to the point of usage;
- The evolution of quarries from smaller operations to become larger regional assets; and
- Long-term infrastructure needs

CCAA remains concerned that inadequate buffer protections for local quarries and concrete batching plants serve to effectively limit the scale and scope of these operations and therefore access to the future supply of construction materials.

Countless examples exist throughout Australia of new housing development being approved and constructed nearby or adjacent to these critical facilities which is clearly incompatible and unsustainable for long-term use. Sites without adequate buffer zones receive significantly more complaints from adjacent residents regarding noise, truck operations and dust emissions. In some cases, adjacent residential development is approved with the aim of driving out or eliminating the nearby quarry or batch plant in the long run.

Maintaining transport access throughout the supply chain (from a quarry to a batch plant and through to its end use delivery point) is critical for the cost-effective delivery of new infrastructure. Regulatory burdens that lead to the location of quarries further away from the market demand point adds to the cost of transportation and ultimately to the cost of new homes and infrastructure.

### 3. Sensible Environmental regulation

Far too often, environmental regulation and its interpretations by Departments and Regulators add to the complexity of operating a quarry. The heavy materials construction sector is not adverse to balanced environmental regulation but we do ask for the following concerns to be addressed so that complexity and red tape will be reduced for our members:

- Regulator focus on poor environmental performance;
- Proportionate and risk-based conditions on quarry approval consents;
- Consistency and clarity between Departments and Regulators;
- Simplified environmental offsets that take into account the unique nature of the sector and ongoing site rehabilitation for offset calculations; and
- Regulatory frameworks that understand the unique nature of quarrying, as opposed to mining or other industries.

### 4. An integrated approach for regulation of the sector

CCAA believes that an integrated, holistic approach to regulation of the sector, across **all levels and layers** of Government is important and necessary.

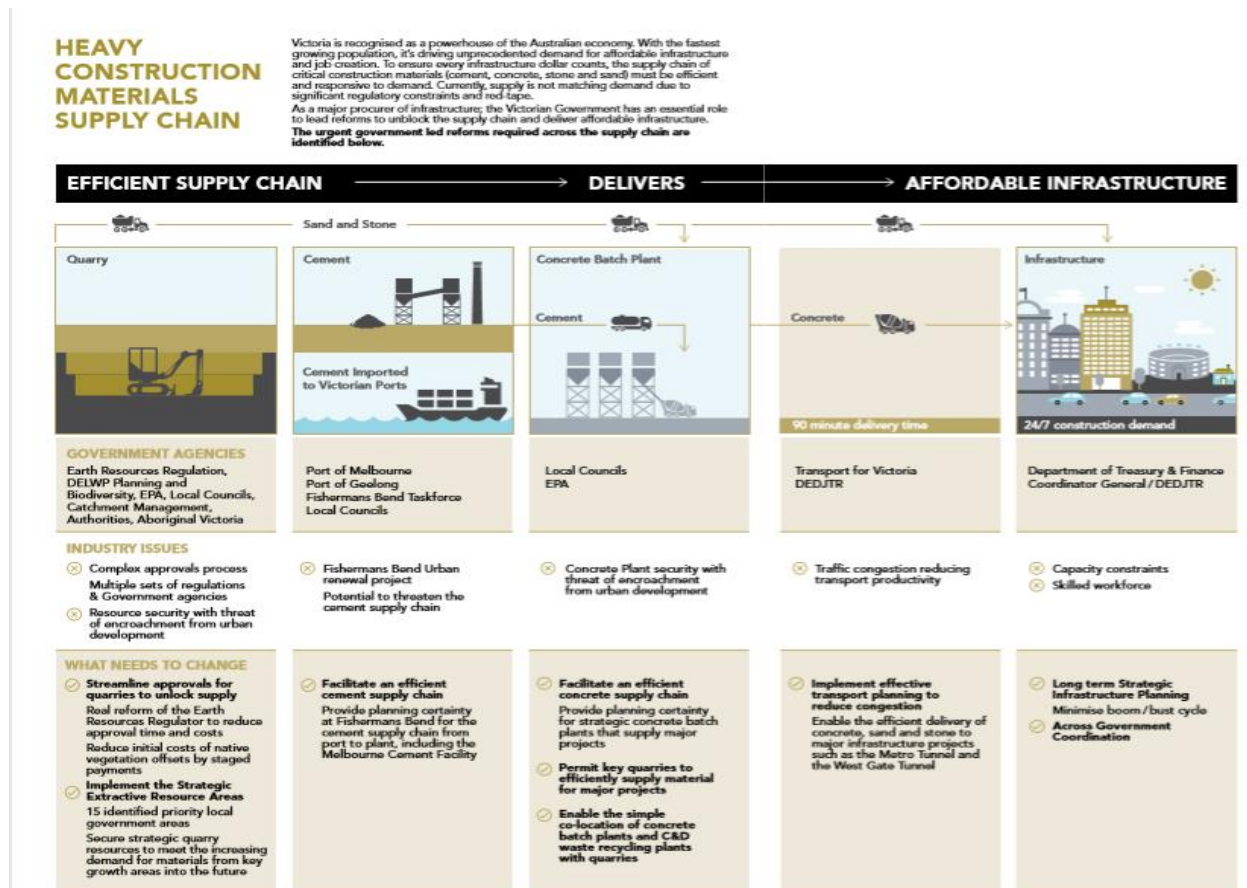
Focusing on the long-term importance of construction materials for future infrastructure requirements, such an approach assists to coordinate the development and implementation of government strategies and directives that impact upon construction materials and ensures a clear link between infrastructure strategies and the long-term access to extractive materials.

There remains a large variation of approaches across each state's regulatory arrangements and policy frameworks. Each state needs to implement a regulatory policy as part of a long-term infrastructure strategy that integrates and recognises key aggregate resource areas. Such policies could be coordinated and driven through the Council of Australian Government's (COAG) Transport and Infrastructure Council.

## An efficient supply chain for Heavy Construction Materials

Prior to the 2018 Victorian election, CCAA outlined the following strategy in a diagram form to illustrate how an efficient construction materials supply chain can deliver more affordable infrastructure for the residents of Melbourne and Regional Victoria.

The diagram highlights the layers of Government agencies involved in the regulation of the supply chain, industry issues such as rezoning and renewal of the Fisherman’s Bend Precinct and the Melbourne Cement Facility and identification of reforms that would best serve and enable the delivery of more affordable infrastructure.



## Montrose and Coldstream

The difficulties in obtaining approvals for expansions of existing and new quarries are highlighted in the example of the Montrose Quarry in Melbourne. Owners Boral unsuccessfully applied to expand this site in 1999 and 2004 and the local council appear unwilling to look at any options for expansion.

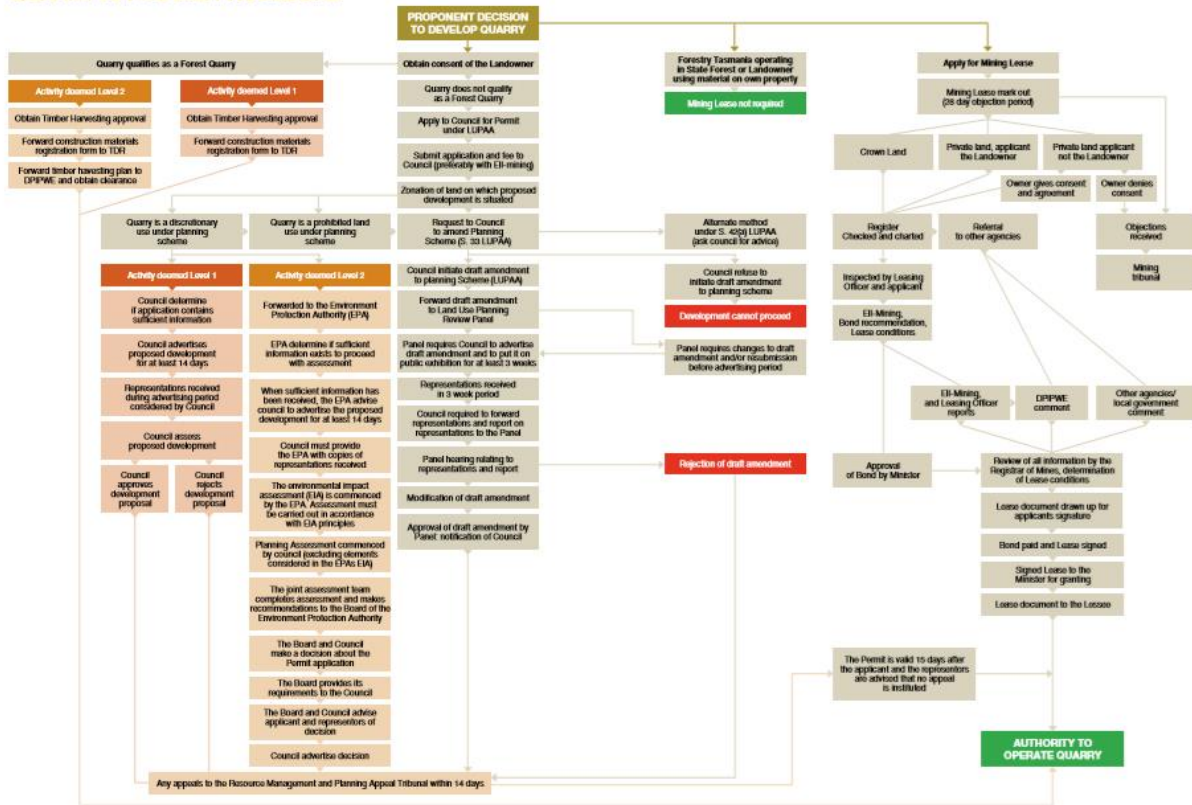
The attached news article provides further background about this quarry.

<https://www.heraldsun.com.au/leader/outer-east/boral-says-no-current-plans-to-expand-quarries-at-montrose-and-coldstream/news-story/759381d44300d584539cc4905220d47b>

## Tasmania Quarry Approval Procedure

Quarry approval procedures in Tasmania are difficult and cumbersome. CCAA has put together a flow chart which highlights the convoluted process in order to obtain a permit to operate a commercial quarry.

### QUARRY APPROVAL PROCEDURE



These approval procedures include:

- Obtaining a mining lease using an approval pathway through the *Mineral Resources Development Act 1995* (MRDA).
- Obtain a Development Permit from the Local Government Authority (Council) with an approval pathway through the *Land Use Planning and Approvals Act 1993* (LUPAA).
- Obtain Permit Conditions - Environmental from the Board of the Environment Protection Authority (EPA) using a pathway through the *Environmental Management and Pollution Control Act 1994* (EMPCA).
- The Operator is also required to refer the proposal to the Commonwealth Environment Department if it is possible the *Environment Protection and Biodiversity Conservation Act 1999* might be triggered.
- CCAA member Hanson has recently achieved a permit to expand their operation at Flagstaff Gully Quarry in Hobart, following many years of delays.

## Gold Coast Quarry, Queensland

The Gold Coast Quarry (at Reedy Creek) on the Gold Coast is a prime example of the difficulty in obtaining a new operating permit.

The site was purchased by Boral in 2006 and was proposed to replace the existing West Burleigh Quarry, on the opposite side of the M1 highway. The Gold Coast Quarry site is the last and largest known deposit of hard rock resource on the Gold Coast with around 79 million tonnes of resource to be extracted over a 40 year timeline. 70% of the sites existing vegetation would have been retained as a permanent buffer zone from neighbouring properties.

The Queensland Government declared the quarry a Project of State Significance in 2010 and had an EIS approved in 2013 by the then Queensland Coordinator-General and Deputy Premier and Minister for State Development and Trade. This announcement was opposed by the area's State Members of Parliament.

Further approvals were subsequently received from the Federal Environment Minister under the Environmental Protection and Biodiversity Conservation Act (EPBC) and the Queensland Department of Environment & Heritage in 2014.

These approvals then led Boral to submit a formal development application with the Gold Coast City Council. In July 2014, the Council rejected the development application, despite Council planning staff recommending its approval. Boral subsequently appealed this decision in the Planning & Environment Court.

At this appeal, Planning & Environment Court Judge Richard Jones reached the conclusion that “there weren't sufficient grounds for exploitation of the site at this stage, but it will be observed by reading the judgement that this is a key resource, a state asset and in my view until circumstances change ought to be protected.”

While this decision appears to leave the door open for a future quarry operation, it would only be likely if the present Queensland Government was willing to step in and override amended planning legislation that oversteps the role of Gold Coast City Council.

Gold Coast City Mayor Tom Tate was quoted as saying “The message to Boral is pack up, go home mate, we don't want you.”

<https://www.quarrymagazine.com/2014/01/01/minister-grants-go-aheads-to-quarries/>  
<https://www.quarrymagazine.com/2019/10/10/council-thwarts-plans-for-australias-biggest-quarry/>  
<https://www.abc.net.au/news/2017-05-04/gold-coast-boral-quarry-appeal-dismissed/8496740>  
<https://www.quarrymagazine.com/2019/10/11/environment-court-dismisses-appeal-for-2-billion-quarry/>  
<http://theconversation.com/long-running-battle-ends-in-a-win-for-residents-koalas-and-local-council-planning-rules-96263>

Thank you again for the opportunity to maintain ongoing participation in the Resources Sector Regulation – Productivity Commission Issues Paper. CCAA is willing to provide further background and case study evidence, should you require this information at a future point in time.

Yours sincerely,

**KEN SLATTERY  
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CEMENT CONCRETE & AGGREGATES AUSTRALIA**