

16 November 2007

Mr Gavin Mathieson  
Manage Native Vegetation Management  
Department of Sustainability & Environment  
via email - gavin.mathison@dse.vic.gov.au

Dear Gavin

## **RE: EARTH RESOURCES & NATIVE VEGETATION MANAGEMENT FRAMEWORK**

The Construction Material Processors Association<sup>1</sup> (CMPA) and its members agree with the state's obligations to native vegetation and are aware of the importance of maintaining, developing and enhancing this asset.

Since 1966 the extractive industry has been identified with its own Act (Extractive Industries Development Act) having as one of its key objectives the guardianship of native vegetation and being secured through the issuing of Work Authorities. Work Authority holders are required under the Act to manage these constrained<sup>2</sup> resources in a manner that is compatible with the economic, social and environmental objectives of the state. The Act requires its environmental objectives be met through the:

- Provision of a rehabilitation bond to the state by the Work Authority holder in the form of a bank guarantee. This financial security ensures compliance to the Rehabilitation Plan addressing (among others) 'the need to protect or otherwise conserve native vegetation and protected flora and fauna'<sup>3</sup>
- A robust approvals system which ensures the site's overall impacts are managed appropriately
- On going rehabilitation of areas where extraction has been completed
- Regular audits by DPI officers to ensure rehabilitation occurs and compliance achieved, considering all aspects including environmental management, fencing, pest control and offset management

Since the implementation of the Native Vegetation Management Framework (NVMF) the CMPA has collected evidence as to the impact of these additional obligations set on top of those already identified by the EIDA. This additional process is creating unnecessary cost, duplication and impeding entry into the market.

The CMPA would like to draw the DSE's attention to the industry's unique position with regards to the Earth resources and the NVMF: Discussion Paper.

1. It is an essential service to the community
2. The resources used by the extractive industry are fixed in their location and demand high energy consumption costs to deliver them to their markets
3. They provide environmental financial sureties and are covered by the EIDA
4. There are nominated buffer zones within Work Authority area (not presently offsetable in NVMF)
5. They carry out rehabilitation over extracted area (not presently offsetable in NVMF)
6. It is of a temporary nature and has a miniscule footprint upon the state's land mass

The CMPA feels that the protections provided under the EIDA more than adequately address the NVMF. To ensure future supply, it is necessary to embed extractive industry exemptions within the DSE's framework.

Yours sincerely



Ron Kerr  
CMPA Honorary CEO

<sup>1</sup> Members extract, process or otherwise work in hard rock, gravel, sand, masonry, clay, lime, soil, gypsum or recycling

<sup>2</sup> Constrained by the resources' location and quality in relation to its distance from its intended market

<sup>3</sup> Section 17.3, *Extractive Industries Development Act*

# Earth Resources & Native Vegetation Management Framework

## Feedback on Discussion Paper

### Introduction

The CMPA on behalf of its members has reviewed the discussion paper as released by the DSE and submits the following comments. These comments are the basis for the covering letter.

Concerns the Association and our members raised as a result of the discussion paper include:

1. Areas under approval for extraction
2. Environmental securities (EIDA rehabilitation bonds)
3. Relevance of offsets to extractive industry
4. Compensation for assessment investigations
5. Resource location and cost to community
6. Offsets for habitat variability and biodiversity
7. Government and industry knowledge and leadership

#### 1. Areas under approval for extraction

Work Authorities across Victoria account for only 52,440 hectares of Victoria's total landmass of 237,629,000 hectares. Within the Work Authority area is a proportion that is approved for extracting and processing to occur equating to approximately one-fifth of the state or 10,488 hectares<sup>4</sup>. This is equivalent to 0.004% of the state's landmass or one farm in regional Victoria.

The DPI returns for the 2005-06 financial year reported over 46 million tonnes of material being produced worth over \$532 million. This equates to approximately 9.5 tonnes per Victorian per year, and our forecasts indicate that the state's processed materials at present trends could exceed 54 million tonnes annually within ten years.

#### 2. Environmental securities (EIDA rehabilitation bonds)

Members raised concern as to the lack of understanding by DSE of their Work Authorities being required to undertake rehabilitation plans and raise bank guarantees as security to ensure their obligations are met.

As at 30 June 2007 the state held \$51,884,157 for 888 Work Authorities. This averages to \$58,428 per Work Authority. Considering that there is approximately 10,488 hectares approved for extractive activity throughout the state, and that there is \$51,884,157 held in rehabilitation bonds (bank guarantees) this equates to \$4,947/hectare of security being held by the state for areas under extractive activity.

This rehabilitation bond (bank guarantee) is unique and there is presently no other industry within the state having this type of financial burden or surety given to the state that the proponent will meet its obligations.

#### 3. Relevance of offsets to extractive industry

The offset process in its present form is not reflective of our industry's activities in that there is:

- A lack of understanding of the extractive industry's legislative environment, especially buffer zones and rehabilitation areas and their potential roles as effective offsets
- An inability to appreciate the value, and therefore gain offset credits, of native vegetation that is well managed over time (be it part of an offset or unallocated works)
- A lack of understanding of the environmental benefits or net gain an extractive industry site can bring about. In many instances, quarries simply result in the replacement of one habitat by another, often a richer one, or by a temporary disruption of the original habitat
- Lack of scope for refinement in the BushBroker and other such schemes in that there is evidence of over-inflated land values, limited selection of sites and unrealistic expectations
- Lack of modelling of future value of lands which have offset caveats placed over them
- Lack of understanding of how environmental management plans will secure business failure

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<sup>4</sup> The rest is held as buffer zones, is being re-vegetated or is designated for future works

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### 4. Compensation for assessment investigations

Due to the excessive costs of flora and fauna investigations and the lack of guarantee with respect to approval, the industry requires some form of guarantee that compensation will be available to those applications which are rejected or the required offsets are financially unviable to purchase. It is not appropriate that uncontrolled, expensive assessments with no guarantee to success or compensation are used as a means to restrict this industry or are required before an approval is issued.

### 5. Resource location and cost to community

It should be appreciated that the earth resources sector are dependent upon the geology and location of particular resources. There is no way around this natural reality. It often obliges the Work Authority holder to work in less than ideal circumstances (e.g. in close proximity to residential areas or with possible environmental impacts), simply because there is no other economic alternative for these resources which are of fundamental importance to our society.<sup>5</sup>

It is of concern to the CMPA that government policies including:

- Native vegetation
- Community enjoyment
- Cultural heritage
- Key government social and environmental objectives
- Tourism

are resulting in the migration of the extractive industry sector away from its market or sterilisation of future resources close to market; and that the economic and environmental impacts have not been assessed or presented to the community.

These impacts range from additional:

- Transport costs
- Public infrastructure costs
- Wear and tear and congestion of public infrastructure and amenity costs
- Increased greenhouse emissions
- Increased industry running costs

The CMPA feels that such significant changes within the state's construction materials supply chain requires financial impact studies to be undertaken to ensure community and industry are best served by such policies.

### 6. Offsets for habitat variability and biodiversity

Members also pointed out that the extractive industries are more often a creator of habitat variability and biodiversity than the contrary. Quarry sites tend to become high value ecological areas. Furthermore, the resources extracted by this industry are essential to community's ability to reduce energy usage, environmental emissions and capital attrition. This is not recognised in the present system where only negatives are considered.

Members also pointed out that within the existing native vegetation framework that there was no mechanism for identifying and valuing previous buffer zone plantings and rehabilitation works that had been carried out, or that there was any ability to have future buffer zones and rehabilitated areas identified and included in the offset arrangements.

Members also pointed out that native vegetation, if well managed, should be able to appreciate over time for future allocation to offsets. This principle is already being used by DSE by default in that areas previously planted by Work Authority holders are now being counted as native vegetation requiring offsets where Work Authority extensions are being applied for.

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<sup>5</sup> Good Environmental Practice in the European Extractive Industry, Dr F Brodtkom, 2000

# Earth Resources & Native Vegetation Management Framework

## Feedback on Discussion Paper

### 7. Government and industry knowledge and leadership

#### For Government

Members noted that due to the limited number of Work Authority applications being applied for throughout the state that it would be appropriate for those various government bodies<sup>6</sup> involved in the process to be supplied with leadership and training to minimise conflict and ensure prompt and efficient outcomes occur.

#### For Industry

Finally, the CMPA would like point out that the maintaining of a working relationship with the surrounding community and their expectations specific to native vegetation is paramount. Uptake of the concepts of the NVMF within the EIDA will be best achieved through DPI leadership and the development of training resources, education of industry consultants, owners and the workforce followed by proactive site visitations and auditing to ensure uptake and compliance.

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<sup>6</sup> Such as DSE, DPI, local councils, Catchment Management Authorities, EPA, VCAT