

23 February 2009

Mr S Dunn
Director Policy & Strategy
Growth Areas Authority
Level 6, 35 Spring Street
MELBOURNE VIC 3000

Copy sent electronically

Dear Mr Dunn

RE: MELBOURNE @ 5 MILLION

Reviewing the Urban Growth Boundaries (UGB) in Melbourne's north, south-east and west will potentially impact upon various existing and potential extractive industry sites within these areas.

When proper and professional consideration is given to the services and products provided by a quarry to its local communities, it must be acknowledged that the products such as aggregates, crushed rock, sand and clay, are vital to the maintenance and progress of those communities and are as equally important as all other essential services such as power, water, gas, telephone, drainage, sewerage and transport.

The extractive industries are an essential component to development within the UGB especially when considering that last year each Victorian used over 10 tonnes of such earth resources at an average unit rate of \$13.72/tonne¹. It is therefore necessary for those managing these assets (the government, landowner or end-user) to treat these very important resources as finite commodities, encouraging full utilisation and appropriate use. It is equally important that such operations are conducted in a manner protecting the local community and the natural environment.

The CMPA respectfully asks that your Authority consider the long term requirements of an extractive industry together with the need for protection from encroaching incompatible development. In particular, there are five issues of immediate concern:

1. The Growth Areas Infrastructure Contribution
2. Managing commercially sensitive information
3. Existing Work Authorities and the UGB
4. Extractive Industries Interest Areas and the UGB
5. Locating extractive industries operations

Each of these will be discussed in more detail.

Growth Areas Infrastructure Contribution (GAIC)

The introduction of the GAIC upon properties within the 2005 UGB and the current investigation areas raises several concerns for our Members, particularly in the following areas:

- Will the GAIC incur GST and will it form part of the cost base for Capital Gains Tax and Stamp Duty?
- When is the 'first property transaction' considered to occur?
- Is the GAIC payable on the transfer of title, or upon the signing of a Contract for Sale?
- Will the charge apply to sites still classified as Part A within the Urban Growth Zone (i.e. farming zone) to the detriment of these landowners?
- How will it deal with mortgagee sales and will it take priority from first mortgage security?
- How will it deal with land transactions not related to property development (such as within a family)?
- Will it give consideration to primary place of residence as Capital Gains Tax does?
- What happens to areas which are subsequently removed from the UGB, or designated as public open spaces, or limited in development opportunities?

Confidentiality Restricting Information Provision

The CMPA has informed its Members that this review is being undertaken; however we are concerned that some Members will not formally lodge their site information (existing or future) due to the confidential and commercially sensitive nature of information requested by the GAA.

This confidentiality is intertwined amid commercial mergers, acquisitions, trade-offs and agreements between land owners, industry participants and others. As such, it is unrealistic to expect operators to declare their intentions or vulnerability to the open market.

It would be appreciated if additional consideration could be given to this matter in subsequent inquiries.

Existing Work Authorities & the UGB

As you would be aware, there are a number of existing Work Authorities operating within or adjacent to the investigation area. Many of these sites will be making direct representations to the GAA, however a common concern expressed to the CMPA is the ability for these sites to continue to operate into the future.

Members are concerned that the ability of their existing Work Authorities to expand or even to apply for a Work Authority variation that triggers a planning permit, a relatively common occurrence for these businesses, will be hampered, if not stopped.

Stopping progression in Work Authorities will only limit the ability of earth resources to be supplied to the local communities and increase the cost of the materials.

Extractive Industries Interest Areas & the UGB

There are areas within the investigation area previously identified as Extractive Industry Interest Areas (EIIA). As you would be aware, these areas are defined by the Department of Primary Industries – Minerals & Petroleum to ensure the future supply of quarry products at a cost acceptable to the community.

We understand that these areas do not provide statutory protection for such resources or that extractive industry would be confined to these areas, however the CMPA is highly concerned that these interest areas may be restricted or reduced as a result of this review.

Any such changes which impact upon the Extractive Industries Interest Areas should only be finalised after detailed geological assessments have been made, and the resource assessed considering the benefit it does, or can, provide the community.

The collection of information on earth resource reserves within the EIIA must take into account the quality (i.e. grades and end uses of materials), quantity (i.e. approved commercially winnable materials) and markets for the resource. Each area and indeed each Work Authority needs to be assessed on its individual market areas. This will ensure that we will not be left with inaccurate assumptions as to the reserves in specific areas.

Planning Extractive Industries Operations

It is essential that planning within the UGB considers both the importance of the industry, and the necessity of ensuring appropriate buffers are in place as with any other industrial development.

Planning of extractive resources should not only consider the geological constraints, but also the necessity to minimise transport impacts where possible. This may require decisions to be made looking after the greater good rather than the goals of an individual municipality.

The CMPA can provide further information on particular issues if requested. Details in relation to particular land parcels would be best sought directly from the landowner and the Work Authority holder (who may be different entities). Information in relation to the exact location of existing Work Authorities and the Extractive Industries Interest Areas is readily available from the DPI – MPR.

Thank you for providing the opportunity to comment, and we will follow the progression of this matter over the coming months.

Yours sincerely



Sarah Andrew
Project Manager

ⁱ Using Victoria's Minerals, Petroleum & Extractive Industries 2007/08 Statistical Review, 2008, Department of Primary Industries and 3101.0 - Australian Demographic Statistics, Jun 2008, Australian Bureau of Statistics