

26th October 2009
Doug Sceney
A/Executive Director
Earth Resources Division
Department of Primary Industries
PO Box 4440
MELBOURNE VIC 3000

Dear Doug

STRATEGIC CONSTRUCTION MATERIAL RESOURCES WITHIN THE URBAN GROWTH BOUNDARY

As I am sure you are aware, the Growth Areas Authority (GAA) is currently reviewing and expanding the Urban Growth Boundary (UGB) to accommodate the future population growth of Melbourne. This is one of the most significant infrastructure development projects in Melbourne's recent history and the CMPA is deeply concerned at the level of government stewardship shown at identifying and preserving strategic construction material resources within the UGB.

Within this new, expanded UGB, about 26,000 hectares of land is proposed to be used for residential and employment development to accommodate the expected population growth. The six Local Government Areas (LGA) within the new expanded UGB predict a population increase of 666,169 in the 20 years to 2026 (Department of Planning & Community Development (DPCD) website, Victoria in Future 2008). Given the demand for extractive industry resources averages 10 tonne/person/year an additional 77 million tonnes of construction material will be required, just within the UGB. Where will the additional resources be derived from if the quarries within these LGAs are unable to expand or new resources cannot be developed due to urban sprawl?

Whilst the GAA has committed to zone existing quarry operations and their buffers unsuitable for urban development, additional, significant strategic construction material resources are in danger of being sterilised for ever by residential development or environmental reserves.

Strategic assessment of Extractive Industry Interest Areas

The CMPA notes that urban development is scheduled to occur within large areas of Extractive Industry Interest Areas (EIIAs) in the west around Rockbank, in the north around Donnybrook and Beveridge and in the east near Clyde. In fact, the new proposed urban development areas will encroach on 19,200 hectares, or 27% of the EIIAs within the immediate Melbourne region. A key purpose of EIIAs is to provide a basis for the long term protection of sand and stone resources from sterilisation by inappropriate land uses. This would appear to be a prime example of inappropriate land uses within large areas of EIIAs sterilising significant construction material resources.

It is time to protect these strategic resources now before it is too late.

We understand that EIIAs 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 strategic resources within the EIIAs could be sterilised as a result of this change in the UGB.

Any such changes which impact upon EIAs should only be finalised after detailed assessments have been made by Government. This has not been conducted. The DPCD report, *Delivering Melbourne's Newest Sustainable Communities, Background Technical Report 1: Land Capability, June 2009* fails to accurately outline the resource life within existing quarries or identify strategic non developed resources in the UGB.

The Department of Primary Industries (DPI) and its predecessors have conducted significant work since 1993 in defining and refining EIAs and incorporating them into the planning system. As the purpose from 1 January 2010 of the *Mineral Resources (Sustainable Development) Act 1990* will be "to encourage economically viable mining and **extractive industries** which make the best use of resources in a way that is compatible with the economic, social and environmental objectives of the State", the government has a role as a steward of the stone resource. As steward, it is of great concern to the CMPA that DPI are not identifying and protecting strategic construction material resources in the UGB in particular and the broader Melbourne area in general.

CMPA encourages DPI to take a proactive role within Government to protect strategic construction material resources for the economic, social and environmental benefit of the State.

Provision of low cost construction materials to the market

A key issue for Government in considering the location of quarries is the issue of transport costs of material to market. Hard rock and sand are significant cost components of concrete and roads. If quarries are forced to move further away from their market due to urban encroachment, increases in transport costs associated with longer haul distances from quarry to market will lead to significantly increased cost of infrastructure projects and a decrease in housing affordability. In addition, there is greater environmental impact (greenhouse gases, air & noise pollution) and social costs (road maintenance, road accidents) from transporting materials a longer distance.

If it is assumed that half of the additional construction material resources required for the UGB are derived from the nearest alternative source to the existing quarries within the UGB over the next 20 years, additional costs due to transport alone are estimated at \$2.9 to \$4.7 billion. This figure is derived using the figure of \$75 to \$121 per tonne to source alternative material, as quoted in the DPCD report, *Delivering Melbourne's Newest Sustainable Communities, Background Technical Report 1: Land Capability, June 2009*. Refer to Appendix 1 for a full explanation on the methodology used.

There is definite community benefit and a role for Government in ensuring the non sterilisation of strategic construction material resources. As a representative of the extractive industry, the CMPA is deeply concerned that strategic construction material resources are being sterilised from future use to the detriment of the State.

Yours sincerely



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APPENDIX 1

METHODOLOGY USED TO CALCULATE ADDITIONAL TRANSPORT COSTS DUE TO STERILISATION OF CONSTRUCTION MATERIAL WITHIN THE EXPANDED URBAN GROWTH BOUNDARY

Step 1 – Calculate population growth for Local Government Areas (LGA) from 2006 to 2026 that are part of the expanded Urban Growth Boundary (UGB). LGAs include Wyndham, Melton, Hume, Whittlesea, Mitchell & Casey.

Data was sourced from the *Victoria in Future 2008* population projections available on the Department of Planning & Community Development website

(<http://www.dse.vic.gov.au/DSE/dsenres.nsf/LinkView/B9023E3BAACA5A6ACA256EF60019E55806C7DF80826B65674A256DEA002C0DCA>)

Total population growth = 666,169

Step 2 – Divide total population growth from Step 1 by 20 to get average annual growth (33,300).

Step 3 – Assume 33,300 people added to UGB each year for 20 years. So Year 2006 = 33,300 additional people. Year 2 = 33,300 + 33,300 = 66,600 additional people, and so on up to Year 2026.

Step 4 – Sum each of the 20 years additional population, which equals 7,692,300.

Step 5 – Multiply additional population of Step 4 by average annual demand for construction material from DPCD (2009) of 10 tonnes per capita, which equals an additional 77 million tonnes.

Step 6 – Using Table 6.3 on page 41 of the Supplementary Report to DPCD (2009), additional transport and social cost to supply similar material from the closest alternative potential supply for all 16 quarries in the expanded UGB is calculated to range from \$75 to \$121 per tonne.

Step 7 – Assume half required additional tonnage is sourced from closest alternative potential supply, which is 38.5 million tonne x \$75 = \$2,888 million to 38.5 million tonnes x \$121 = \$4,659 million

Department of Planning & Community Development (2009) - *Delivering Melbourne's Newest Sustainable Communities, Background Technical Report 1: Land Capability, June 2009*. Parsons Brinkerhoff Australia.

(<http://www.dse.vic.gov.au/DSE/nrenpl.nsf/LinkView/C350816525A0D3A3CA2575D6001DAB9ECEEE2CCA29F0B7E7CCA2572DC001F183F#Delivering>)