

4 July 2005

Mr D Malcolm
Chairman
Victorian Environmental Assessment Council
level 6, 8 Nicholson St
EAST MELBOURNE VIC 3002

RE: VEAC RED GUM FORESTS INVESTIGATION

Dear Mr Duncan

On behalf of the Management Committee, I would like to thank you for the invitation to nominate someone to site on the Community Reference Group and secondly the opportunity to provide a submission concerning the terms of reference.

After discussing this Community Reference Group with members, it has been resolved that the CMPA will not nominate anyone to sit at this stage. We felt that VEAC will fairly consider the concerns raised by the association at a higher level and recognise the benefit of the Reference Group containing persons well aware of the area and the specific points of notation. In addition, we recognise the ability of the association to meet with VEAC staff and will keep this in mind if we have any concerns or queries. We would however recommend that the VEAC contact any Work Authority holders in the study area who lease Crown Land directly to establish the impact upon them. Attached is a listing of all the Work Authorities within the area that we are aware of however we are unable to say if any of these are on Crown Land or otherwise.

Once again, I would like to thank you for this invitation and wish you all the best in selecting a suitable Community Reference Group.

Attached to this letter is the CMPA's submission to the Terms of Reference. If you would like to discuss any issue raised on the following pages, please do not hesitate in contacting either myself or any of our staff at the details above.

Yours sincerely

pp. Grant Phillips
CMPA Chairperson

cc. Ms Jennifer Wolcott, Department of Primary Industries

**SUBMISSION TO THE
VICTORIAN ENVIRONMENTAL ASSESSMENT COUNCIL**

**CONCERNING THE TERMS OF REFERENCE
FOR THE
RIVER RED GUM FORESTS INVESTIGATION**

**BY THE
CONSTRUCTION MATERIAL PROCESSORS ASSOCIATION**

4 JULY 2005

The Quarry Industry in Victoria

1.1 Introduction

This submission is provided to the Victorian Environment Assessment Council in response to its Terms of Reference for the River Red Gum Forests Investigation and the matters relating to those terms as seen by the Construction Material Processors Association (CMPA) and more particularly its members potentially affected by this investigation.

The submission introduces the extractive industry that the CMPA represents, and the role and purpose of the CMPA for the Council's information. Discussions then centre upon matters arising from the Terms of Reference. Finally, concluding comments are presented as a summarisation of this paper.

1.2 Brief Outline of the Industry

A key component of the construction, building and in many cases manufacturing industries is the supply of competitively priced rock, stone, sand, clay and gravel products which are essential for the production of concrete, cement, bricks, tiles, asphalt, crushed rock products and a host of other applications. Stone is primarily used for construction of roads and buildings but it also has other uses in engineering and manufacturing.

While Victoria has an abundance of good quality extractive resources, unlike metallic minerals and ores, stone resources are low in value and therefore to be viable extraction needs to occur close to market sources. During the 2003-2004 financial year, the Victorian industry produced around 24 million tonnes of hard rock and stone products, 13.5 million tonnes of sand and gravel product, and 1.5 million tonnes of clay products. It had an annual turnover valued at \$446 million from 848 work authorities or quarry establishments.¹

The industry is characterised by relatively few large operators (3) and many medium and small operations. Adopting the Australian Bureau of Statistics definition of a small business as one that employs fewer than 25 people, it is likely that small businesses in the quarry industry in Victoria represent in excess of 85% of all quarry businesses. Many small-scale quarry operations have developed in rural and regional areas to satisfy local demand.

1.3 Role and Purpose of the CMPA

The CMPA is an industry association, and will:

1. Conduct its affairs with honesty and integrity;
2. Demonstrate its commitment to the:
 - a. Viability of the industry
 - b. Protection of the environment
 - c. Community in which it exists;
3. Vigorously pursue with the government and others issues of widespread concern to members;
4. Demonstrate leadership and a sense of direction for the industry;
5. Act as a resource and provide support to members through the delivery of cost savings and assistance in complying with legal obligations;
6. Foster unity and cooperation between members and others;
7. Promote continuous improvement through education, training, and other activities

The CMPA represents a broad spectrum of those involved in construction material processing businesses engaged in extraction processing or otherwise working in hard rock, gravel, sand, masonry, clay, lime, soil, gypsum or recycling, industry consultants, industry suppliers and any industry worker.

¹ 2004, Department of Primary Industries,
Victoria's minerals, petroleum, and extractive industries 2003/04 statistical review

Issues Related to the Terms of Reference

2.1 Industry presently in the area

Throughout the study area there are a number of Work Authorities both within, abutting, surrounded by, and very near to Crown land. The majority of these sites are sand or sedimentary operations which present minimal environmental impact as they are, in most instances, shallow operations and require little plant and equipment on site.

Those sites that extract only sands would be expected to achieve sales of approximately \$11 per tonne and be charged a royalty of \$0.87 per tonne (for all stone other than dimension stone and marble) if located on Crown Lands². In addition, all sites require both a planning permit and Work Plan approval before being able to commence operations, and are mandated by strict legislation which strongly encourages the businesses' OHS, environmental, and rehabilitation performance through the rehabilitation bond system.

Following preliminary investigations (which should be confirmed through the Department of Primary Industries), it appears that there are presently four Work Authorities within Crown Land, twelve surrounded by or abutting Crown Lands, and a further seven near to Crown Land.

Data collected by the CMPA over the last four years has consistently shown an average of 11 persons on each site including permanent cartage contractors. Based on this assumption, over 253 persons are directly employed at Work Authorities in the Study Area.

2.2 Maintaining the right to explore and extract earth resources

The CMPA recognises the potential need to protect some areas of Crown Land within the study area through the utilisation of National Park classification systems, however it is important that when any such decision is made consideration is given to the environmental and economic sustainability operation of Work Authorities (i.e. the extraction of earth resources) in such areas. This can give the area under consideration a potentially more beneficial method of supporting the local community through the provision of jobs.

The CMPA feels that it is essential that the relatively 'green' nature of the extraction of earth resources is stressed in that the legislation by which Work Authorities must comply with requires stringent environmental management and controls, rehabilitation requirements, and emission controls in addition to the standard OHS and other business legislation. Unlike many businesses, Work Authorities are inspected on a highly regular basis by the industry's regulator, the Department of Primary Industries, who assist sites and ensure compliance.

It may be advisable if a study were commissioned by VEAC to establish all Extractive Industry Interest Areas within the study area to ensure that they are protected in the long term, allowing sites to open in accordance with the local areas requirements whilst continuing to operate under their presently stringent controls.

In consideration of these points, the CMPA feels that it is essential that the earth resources are well considered before the Crown Land which a Work Authority is operation on, adjacent to, or nearby is changed to National Park status.

2.3 Treatment of buffer zones

An issue that continually presents a difficulty to members is the treatment of buffer zone requirements for sites adjacent to land classified as National or other park types which are subsequently implied special land use. The effects of Clause 17.09 Extractive Industry, Clause 52.09 Extractive Industry and Clause 52.10 Adverse Amenity Potential of the State Planning Framework of all Planning Schemes would need to be considered in detail when assessing any impact upon the earth resources and would possibly effect other industry sectors.

It would be preferable if any areas earmarked to become National Park or any other park type is designed so that it can absorb any buffer requirements.

² 2005, DPI, www.dpi.vic.gov.au

2.4 Crown Land Licence Fees on Work Authority Sites

Recently, the CMPA's members have notified the association of instances where a site is being charged both an extortionate Crown Land Licence Fee, being increased by 125% on the 2004 amount, and the standard Royalty fees. The licence fees are separate to Crown Royalties paid to the DPI (previously discussed) for stone removed, local rates, annual charges for a bank guaranteed reclamation bond and other fixed government fees. Such figures are not sustainable and would not be accepted by the wider community.

In order to ensure the continued viability of extractive operations throughout the state who work on Crown Lands it is essential that any Crown Land Licence Fee which is set takes into consideration the potential revenue to the state from the existing royalty fees.

The CMPA feels that there is a need for a clear and transparent protocol developed for setting any Crown Land Licence Fee by the government and industry, taking into account the need for the Department of Sustainability and Environment to be accountable for delivering reasonable outcomes on the assets under their management.

Concluding Comments

The earth resources are a valuable resource to the state of Victoria bringing in over \$446 million last financial year. At the same time, it is important that places of significance both ecologically, environmentally and socially are protected for future generations.

The CMPA would like VEAC to consider the following in their study:

- Communicate directly with the Work Authority sites who are covered by the study to gain an intimate understanding and appreciation of their businesses
- Conduct an Extractive Industry Interest Area study across the Study Area similar to that conducted at Melbourne and at several other areas of the state;
- Ensure that the earth resources are well considered before the Crown Land status which the Work Authority is operation on, adjacent to, or nearby is changed
- Ensure that any areas earmarked to become National Park or any other park type are designed so that it can absorb any buffer requirements
- Establish a clear and transparent protocol for setting Crown Land Licence Fees with government and industry

The CMPA sincerely hopes that these comments are of value to the investigation and would welcome the opportunity to discuss any of these matters further. If there is any further information that the CMPA could provide to assist you please do not hesitate to contact the office on 03 9745 2132.

Work Authorities of Concern

<i>Reference Number</i>	<i>Owner</i>	<i>Location Type</i>
WA414	Shire of Campaspe	Within Crown Land
WA599	Gunawarra Shire Council	Within Crown Land
WA598	Gunawarra Shire Council	Within Crown Land
WA924	Rural City of Wangaratta	Within Crown Land
WA153	Rocco Corso	Surrounded by Crown Land
WA1056	Neil E Price	Surrounded by Crown Land
WA184	Readymix Pty Ltd	Abutting Crown Land
WA185	Readymix Pty Ltd	Abutting Crown Land
WA193	Leslie C Davey	Abutting Crown Land
WA227	E B Mawson & Sons Pty Ltd	Abutting Crown Land
WA229	G Judd & Sons Pty Ltd	Abutting Crown Land
WA475	Gordan C Douglas	Abutting Crown Land
WA487	Vyvyan D Weatherall	Abutting Crown Land
WA979	Anthony Gaby	Abutting Crown Land
WA1075	Robert McColl	Abutting Crown Land
WA1217	Cart-Wright Earthmoving Pty Ltd	Abutting Crown Land
WA110	Nubrick Pty Ltd	Near to Crown Land
WA364	Norms Drainage Pty Ltd	Near to Crown Land
WA474	Wodonga Quarries Pty Ltd	Near to Crown Land
WA1109	Irene Hobbs	Near to Crown Land
WA1068	Ovens & Kiewa Concrete Pty Ltd	Near to Crown Land