

16th March 2005

Ms Karen Dowling
Policy Advisor – Strategic Policy Division
Department of Primary Industries
GPO Box 4440
MELBOURNE VIC 3001

RE: MELBOURNE 2030

Dear Karen,

Thank you for providing the opportunity to comment on the Melbourne 2030 project for the growth areas of Casey-Cardinia, Hume, and Melton-Caroline Springs.

In order to prepare this submission, the CMPA carried out discussions with our members operating within these areas and the association's Management Committee.

From these discussions a number of overriding issues were identified:

- A. Confidentiality
 - The CMPA found that most members did not wish to lodge a formal response or make comment due to the confidential and commercially sensitive nature of information requested by the questionnaire. This confidentiality is intertwined amid commercial mergers, acquisitions, trade-offs and agreements between land owners, industry participants and others and as such, it is unrealistic to expect members to declare their vulnerability.
- B. New Regulations
 - Over the last four years, either new or revised regulations and acts have ensured that new entrants into the market are being disadvantaged as substantiated in Figure 1.
- C. Commonality
 - The concerns documented in this submission are common throughout the state.
- D. Resource Utilisation
 - It is essential that those managing (regulator, owner and end-user) earth resources treat them as a finite commodity (this requires the full utilisation of the nominated work area's and appropriate use of the processed products in an informed manner).
- E. Altering Commercial Barriers
 - The process of rehabilitation bond assessments being applied to new entrants and existing operators is sterilising massive amounts of private capital (in the form of bank guarantees and private investment) in favour to the DPI.

Please find listed below, comments to those questions listed in your email dated 21/2/05.

Question 1 : The projected economic life of existing Work Authorities and time scale for sites nearing completion in the growth area

Comments received :

- It was noted that the continued viability of a number of members' Work Authorities in these areas is only made effective by the importing and/or blending of materials or accessing adjoining Work Authorities.
- Some involved in the identified areas are considering the concept of relinquishing their Work Authorities in order to sell the land to developers.
- The increase in local/shire rates and the impact of Land Tax is further encroaching on the sustainability of their businesses.
- Increasing regulatory obligations, specifically, the Native Vegetation Act and the Occupation Health and Safety Act 2004, are placing unrealistic pressure upon capital's interest in continuing or entering this sector.

Question 2 : Existing Work Authorities not likely to be developed

Comments received:

Land prices

- As a result of a substantial increase in land prices and inevitable corresponding shire revaluations and all that follows them, it is difficult for us to consider development of Work Authority sites.

Resource sterilisation

- Work Authorities are being inadvertently contained, or their future use requiring reassessment, as a result of their surrounding area being rezoned by our Councils.

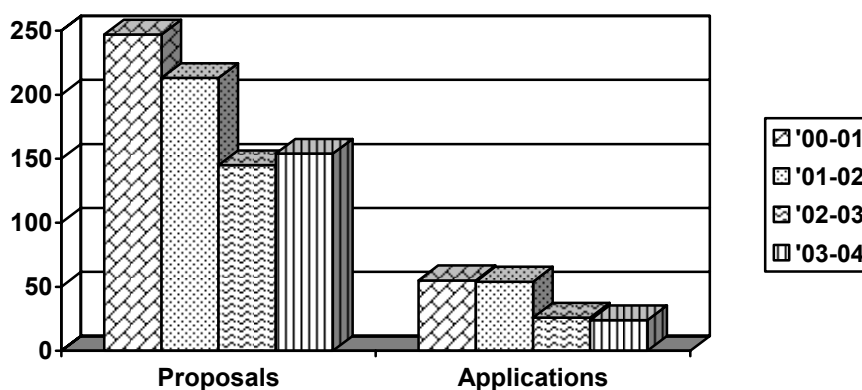
Question 3 : New Work Authority applications pending

Comments received:

This information can be sought most accurately from the DPI – Minerals & Petroleum Branch statistics arm. (Refer to Figure 1 below).

From information available at the CMPA's disposal, it believes that the 2003/2004 year is again a contracting set of figures and as such this trend has not as yet bottomed.

Work Authority Proposals and Applications over the last 4 years
NB : Applications represents the number of submissions for each financial year



Figure

Question 4 : Areas of the EIAs that remains strategically important as resources

Comments received (metropolitan supply area):

1. Resources that can be identified having lower potential health risks than others, clearly need to be given higher protection in the future. E.g. Large areas of basalt as against a crystalline silica based product.
2. Resource utilisation. Two of our members independently reported that the earth resources of the Casey-Cardinia area are in the most case of a low quality and therefore of limited value to larger operators. These earth resources, however, could be viably operated by small operators who do not have the same rate of return requirements. As such, it is essential that the DPI protects all identified resources it is aware of to the best of its ability.
3. Future resource availability can be best addressed by referring to the Melbourne Supply Area study to which industry advisers and members have voiced their concerns as to its practicality and usefulness. The following points were raised:
 - The lack of public infrastructure to underpin appropriate access
 - The lack of high quality geologically identified earth resources (identifying a 500 area paddock on a sediment plane clearly does not identify any future earth resource of value)
 - The restrictive nature of the native vegetation regulation (the study did not overlay those area's which would be inaccessible due to native vegetation restraints)
 - The lack of security from native title and aboriginal artefacts legislation (the study did not overlay significant hot spot area's pertaining to this matter)
 - The reduced available supply area as a result of the EPA buffer zones changed to 500m for hard rock or blasting operations (the identified area's did not take into account significant area's that require buffering or different extractive processes which could require buffering zones of up to 500m)

In summary, the consideration by some members to exit and the lack of new entrants entering the earth resources industry is deeply concerning at this time of historically high product demand.

Where earth resource businesses are operating without direct competition, the end-user is exposed to higher unit rates. Where choice or supply of material, which are not available or offered by that business, the customer is left with the only option of sourcing the required material from alternate sources. The obvious penalty is additional transport cost and the inevitable Green House Gas obligations. Clearly, there is a need to ensure that wherever practicable, resources and approvals to ensure choice and competition is imperative.

It can also be drawn from CMPA member comments, that some of their Councils publicly support the removal of earth resource businesses from their municipalities and there is not enough commitment by the industry's regulator, or the department charged with the responsibility of managing these earth assets, to ensure that future generations will be in the same privileged position as their forefathers.

Once again, thank you for providing the association with the opportunity to comment and we hope our comments are of assistance.

If you would like to discuss this further, please contact Mr Ron Kerr of the CMPA on 03 9745 2132.

Sincerely,
Ron Kerr
Honorary CEO, CMPA Management Committee