

ECONOMIC DEVELOPMENT AND INFRASTRUCTURE COMMITTEE
Inquiry into greenfields mineral exploration and project development in Victoria

Melbourne — 19 September 2011

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Mr B. Hauser, State Director Victoria-Tasmania-South Australia,
Mr R. Buckley, Industry Relations Manager, Victoria, and
Mr D. Pallot, Chairman, Victorian State Committee, Cement Concrete and Aggregates Australia.

The CHAIR — Welcome, gentlemen. Could you please state your names and addresses?

Mr BUCKLEY — Roger Buckley, I am the Industry Relations Manager, CCAA, 1 Hobson Street, South Yarra.

Mr HAUSER — Brian Hauser of Cement Concrete and Aggregates Australia. My home address is 641 Punt Road, South Yarra.

Mr PALLOT — David Pallot, I am the State Chairman of CCAA in Victoria. My address is 34 King Street, Balwyn.

The CHAIR — You are appearing on behalf of the organisation in what capacity?

Mr HAUSER — As State Director for Victoria, South Australia and Tasmania for CCAA.

The CHAIR — This is the public hearing of the all-party parliamentary Economic Development and Infrastructure Committee's Inquiry into greenfields mineral exploration and project development in Victoria. All evidence taken at this hearing is protected by parliamentary privilege. However, comments that you make outside will not have that same protection. The evidence that you give will become evidence at some stage. I now invite you to make an oral presentation.

Mr HAUSER — Chair, thank you very much for the opportunity. I will start off with what will hopefully be a brief summary. What you have in front of you is a small pack with a couple of dot point notes, which I would like to take you through initially, but I recognise that the value of this is obviously in the discussions, so I will try to make as much time for that as possible. Please feel free to interrupt my presentation, if that is appropriate.

Firstly, I will point out who we are. As Cement Concrete and Aggregates Australia we are the national body representing the cement industry, the pre-mix concrete industry and, I suppose importantly for this inquiry, the extractive industries. We have a membership of around 70 companies nationally, and those companies range from fairly small companies all the way up to major, big corporations of the order of companies like Hanson and Holcim, which are actually global and international companies as well. We have around about 90 per cent representation across Australia. I think that gives the context of who we are. The industry is fairly significant in its size. It has something in the order of \$7 billion in revenue every year. Perhaps today I will talk about — —

Mrs PEULICH — And growing, due to?

Mr HAUSER — And growing, which is an important thing, because of the demand that exists for growth.

Mrs PEULICH — Construction?

Mr HAUSER — Pretty much you can link population growth to demand for materials. That is a good thing. I think wherever there is economic development there is demand for extractive materials. But it also poses some challenges. Today is perhaps an opportunity to put up some of those. I realise that we do not want to spend all the time talking about the barriers, but it is important for you to understand what those are, and perhaps for us to also talk a little bit about some ideas and solutions that we have certainly seen in other jurisdictions and also globally. So, firstly, to the differentiation in terms of extractive materials to mining materials. We like to think of ourselves as perhaps the minerals for the cities, if you want to use that phrase, but — —

Mrs PEULICH — Poor cousins.

Mr HAUSER — We never like to think of ourselves as that. Actually we are pretty fundamental to what we enjoy in terms of a civilisation. We do not have bridges, we do not have infrastructure, we do not have housing without our industry. However, the materials in terms of what we can actually sell them for are very low valued. We are talking in Victoria in the order of maybe \$14 to \$20 a tonne. That is to give you some indication.

The other thing is that of course Victoria, as you know, has 3 per cent of the land mass and 25 per cent of the population. It is heavily urbanised, and increasingly so. But for our industries to survive, the proximity of the materials must be close to market. That means that invariably we run into the issues that you have seen elsewhere with other industries. We need to be close to market, and therefore things like planning are key issues

for us — good planning and planning protection. Also about a third to a half the cost of supplying the materials is around transport costs. So if we — —

Mr FOLEY — Go too far.

Mr HAUSER — Go too far, on natural logic, the price goes up. The nature of our industry is that the only way we can deal with that is — we cannot absorb those costs — to invariably pass those costs on. Those costs end up being absorbed into the cost of infrastructure for Victoria; hence less infrastructure, potentially, or more costly infrastructure.

There is a graphic in front of you which we picked up out of a report that was done in Europe, the University of Leoben report. It points towards the issues that are happening in Europe. We had the President of the European Aggregates Association here just a month or so ago. I suppose they are a few years down the track from us, but there are lot of similarities, and he drew on those to identify this issue of overlaying and competing land use for resources. For our industry the resources are determined by the geology; we do not have a choice as to where those resources are. One rock is not the same as another, although some would like to argue that it is. There is actually a difference in the quality of the material, and for quality infrastructure that needs to last 100 or 150 years you need very good quality material. We cannot determine where that is, so we are governed by that. But with competing land use the access to those resources is becoming increasingly difficult for our industry. I suppose that points to some of these barriers, particularly around the regulations that are imposed on our industry, and I am sure you have heard that from others who have presented to the Inquiry. If you look at it in terms of the pipeline sense for our industry, there are a diminishing number of applications going through that pipeline; it is clogged by the number of regulatory imposts that are increasingly overlaid onto our industry.

Some of the key ones sit around things like the native vegetation requirements and things that are linked to Cultural Heritage Management Plans. There are a whole range of issues that just keep imposing layer on layer onto the industry. Over time that graphic tells you the story. There is less and less opportunity for greenfield development. In fact mostly what the industry is doing is relying on some good planning that was done some 40 years ago, basically drawing down on brownfield sites and eventually depleting those resources.

Overlaying that is then the continuing sterilisation of what little resources there are still available. An example of that was the recent expansion of the urban growth boundary. While a lot of material is needed to produce those houses, in effect what it did was sterilise something like 27 per cent of potential resources.

Mr FOLEY — For what?

Mr HAUSER — By designating that zone for urban use.

Mr FOLEY — When you say 27 per cent, they took that out of the State's or Melbourne's?

Mr HAUSER — No, just of that area; under that designated for urban — —

Mr FOLEY — Of the expansion of the growth corridor; 27 per cent of it could have been available for your members.

Mr HAUSER — Could have been available for extracting material.

Mrs PEULICH — Some of it, of course, is also locked in the green wedges.

Mr HAUSER — Indeed.

Mrs PEULICH — Which is a bit of a misnomer, because we know that there are special uses overlays, which are contrary to a popular belief that all the green wedges are just natural parkland for all to enjoy.

Mr HAUSER — Yes.

Mr BUCKLEY — Regarding that 27 per cent, in the planning system at the moment is something called extractive industry interest areas, which is a low level in the planning system. There has been a process of identifying these areas as potentially holding economic resources of extractive industry with some attempt to refine areas that are environmentally sensitive out of those particular interest areas; trying to focus the future

development in those particular areas. It is an attempt to provide some planning protection for extractive industries, but to date it has not been very successful for various reasons over the last almost 20 years they have been in existence. Those extractive industry interest areas were defined within the area that was subsequently covered by the expansion of the urban growth boundary, and within that general area 27 per cent of those interest areas were sterilised by the growth of the urban growth boundary. It was not including areas within the green wedge; it was areas that have been identified through this particular process.

Mr HAUSER — That in itself presents a real challenge for our industry. Those decisions are being made, I suppose, in the absence of understanding what the long-term consequence for Victoria is. That points to some of the solutions that we might want to talk about later around some better — —

The CHAIR — Did you make submissions on that?

Mr HAUSER — Yes, we did. To the Growth Areas Authority we certainly made some of that quite clear. But I think the issue is, again, not having the quality of information to determine what was — —

Mr BUCKLEY — It was also a very much within government decision-making process in my understanding. The Growth Areas Authority had discussions with the Department of Primary Industries on this, and the Department of Primary Industries said, ‘Let’s reserve the buffers around existing operations’, but around potential greenfield sites there was no — —

Mrs PEULICH — No buffers to protect.

Mr BUCKLEY — No actual new resources identified or preserved from this future sterilisation, and I suppose that goes back to another point that we will be making about an agency within government advocating for industry so that such things will not happen again in the future.

Mrs PEULICH — It has been a double-edged sword. On the one hand you rely on population growth for the future growth of your industry, and on the other hand you get progressively wiped out by the expansion to accommodate it.

Mr HAUSER — That is right, yes.

The CHAIR — They do not get wiped out but the prices go through the roof.

Mr HAUSER — The prices go through the roof.

Mrs PEULICH — Actually, no, it is diminished, given that obviously 27 per cent of future areas are being sterilised.

Mr FOLEY — In this 27 per cent of the area — not to be too focused on it but just as an example of the sort of issues you are talking about — that was the area that had been subject to some sort of geoscience exploration. It was not just there; it was there and able to be used by your members, so it was an identified resource that your members, subject to broader normal allocation resource processes, was destined, other things being equal, to be used for extractive industry purposes. It was not speculative; it was going to happen.

Mr BUCKLEY — It was broadly identified.

Mr HAUSER — It was identified by the Department.

The CHAIR — How do you identify areas that are rich in the materials you need?

Mr BUCKLEY — Primarily the ultimate is by drilling. I suppose, just like mineral exploration, you start off with widely based drilling, and then you focus your additional effort on areas that come up with positive results.

Mr FOLEY — When you say ‘broadly’, that is identified through geoscience, publicly available, precompetitive stuff?

Mr BUCKLEY — Yes.

Mrs PEULICH — I guess the dilemma with having your urbanisation crawl on is that even if your designated areas were committed to be extracted, what do you then do with the holes; and of course we have had lots of controversies in terms of the tips and the landfill elsewhere and that local government wants to steer away from. So the question is this: rehabilitation for your industry in particular is a very important one. I am thinking of the Kingston area in my electorate where we have the ongoing problems of negative impact on amenity from tips and landfill because of encroaching residential development. What is the happy medium? How do you do it?

Mr HAUSER — David, would you like to speak to this? I suppose there is a value in thinking ahead in terms of future land — —

Mrs PEULICH — We could have lakes; lakes are great, but you can only have so many lakes.

Mr PALLOT — My experience is a little bit overseas. I have spent 12 years in Asia and most recently 4½ years in Hong Kong. Their Government took control of the reserves, put them out to tender and had a competitive bidding process. It was a different framework to what we have in Australia. They had an end-use plan which provided an economic benefit to the Government and the community.

The CHAIR — Does that form part of their overall planning and forecasting?

Mr PALLOT — Yes, exactly that. You are then committed to, for example, a 15-year contract to extract 55 million tonnes on a cut-and-fill basis, supply useful resources to the community in terms of concrete and road construction materials. At the end of it you had an engineered land formation that would then go to tender; and in particular in Hong Kong it was a massive economic multiplier for the Government. It was very much a win-win.

Other examples are like Marine Cove, where we did some road realignments where there were some danger zones within the road. We realigned the road to do a cove formation, which we then handed back to the Government. It was really done on a needs basis as well. That site will eventually become available for tender as well.

The CHAIR — Our history is against us with this, isn't it?

Mr PALLOT — Correct.

Mr BUCKLEY — It is important to remember that not all holes in the ground, if you like, can end up as landfills. There is an example in Kingston of Karkarook Park.

Mrs PEULICH — Geoff Leigh personally drove that agenda and it is a wonderful example of having a lake filling a short-term extractive industry; the only bit that has actually been added to the green wedge within the urban growth boundary.

Mr PALLOT — Around Australia, Penrith Lakes is another good example where they used it for the Olympic Games as a rowing venue. That was a sand and gravel pit. Sand and gravel is typically a shallow bedding of extraction; it is over a large mass area. When you have an end plan in mind you can appease the community as well because they can see — —

The CHAIR — It is easier.

Mr PALLOT — For quarry reserves they can be a 10 or a 50-year duration. They have a very long-term impact on a community. To have a vision of what they will be left with is quite important.

Mrs PEULICH — I guess for a lot of people the 50-year mark is a little bit out there but a 10-year mark sounds very attractive.

Mr PALLOT — That is why we are saying we are living off our previous 40-year benefits.

Mr HAUSER — It really points to better planning thinking and strategic thinking. One of the areas we have seen operating better in Europe and elsewhere involved thinking well ahead, thinking 'What are those key resources?'. Not every single piece of land needs to be locked away. We are talking about what are key quality

resources that are fundamental to the long-term economic development of Victoria and Victorians, and then when you know those you can do much better planning around the protection of those. Forty years ago that thinking was done. We are not doing it now, and we need to start doing it. I think that is the key message we want to bring into the Inquiry today. There is a little bit of a ‘frog in hot water’ situation, if you will, where we are at the moment.

Mr FOLEY — Whilst we have spoken a lot about metropolitan Melbourne, does the same principle apply to regional and rural Victoria?

Mr HAUSER — It certainly does. Wherever you have got urbanisation, when you are looking at Bendigo and key growth areas and at exactly the attraction and value of those materials are and where they are needed, the same situation starts to emerge. Yes, it is a regional problem as well as an urban, CBD problem. We have seen other jurisdictions start to pick up on this. Queensland is one that we mentioned in our submission. Particular pressure around south-east Queensland was what drove their thinking around understanding what key resource areas were and their putting together a government policy around that.

That was also about protecting the transport access to the markets. They understood the protection of the resource, how to get it to market and protecting that. It identified something of the order of about 100 key resource areas. In South Australia we have made representation to the Planning Minister, and we have got a ministerial task force up and running there looking at the planning issues relating to extractive industries. It is not as if this is some sort of unique Victorian problem; it is very much, I think, one that other jurisdictions are starting to come to grips with.

Mrs PEULICH — Only unique because nothing has been done about it.

Mr HAUSER — Exactly.

Mr SHAW — You mentioned your costs. Your margins are quite small. Transportation takes up a fair bit of that. What impact do you think a carbon tax would have on your industry?

Mr HAUSER — The carbon tax situation, I suppose, particularly impacts more on our cement members. I will not discuss that in more detail; I think that is a fairly obvious one. For us, again it is around the transport issue. That is the particular pressure that is applied — the cost pressure. Increasing transport distances and use of fuel will simply add to the costs, so it is another regulatory burden on top of ones that are already in existence. In terms of order of impact, David, I don’t know — —

Mr BUCKLEY — Again, it is incremental. In the next few years it will certainly escalate because we also have a lot of fuel used in the extraction: the extraction, load and haul, and then the transport component as well.

Mr SHAW — From the submissions that are coming in it seems the industry wants less regulation and not more complication added on top.

Mr HAUSER — Absolutely. I think it is about identifying what those key resources are and then how you facilitate that approval and permitting pathway through government. That is, perhaps, where we were pointing to: this concept of a lead agency and whether DPI or a department takes a whole-of-government response ability for facilitating that permitting process. That is certainly what we see working much better in Europe to deal with some of these issues. Simply having a proponent shopped around from one part of government to the other — and we are seeing something like five to six years sometimes now to get approvals through — is just not acceptable, from a business perspective, to get a return on that sort of — —

Mrs PEULICH — I think most people would accept your rationale and your argument. One statement that I would like to make is that some of the cowboys in your industry also need to understand that permit conditions are there, and they have to abide by them, because they are there to prevent the sort of conflicts that we have been hearing about. That really is so important in terms of the future of industry. It is important to you guys and to all of us. Everyone who is a cowboy and continues to flout their permit conditions and enforcement and fines — which are minuscule, often, for the amount of money that they might be generating through their operations — reflects poorly on the industry and makes it tougher.

Mr HAUSER — I absolutely take your point. I think that the key issue for us is that social licence to operate. We recognise that, without that, we have nothing. I would like to think that the bulk of our industry is responsible, identifies that and knows that they cannot do business without that social licence to operate. It is something we are very keen on: making sure that we have a balanced level of regulation and that it is well applied. I suppose we are arguing that the situation at the moment is one of length and complexity of process.

Mr BUCKLEY — It is the approvals process.

Mr HAUSER — It is particularly the approvals process. If you are looking at greenfields and at prospectivity and attracting new business into Victoria, you would have to say that this is not the place to be doing business. Certainly global companies, for example, Hanson and Holcim, are based in Germany and are looking at capital around the world. They will make a decision as to where that capital will be invested, and Victoria is not top of their list at the moment, which in the end imposes a cost burden on Victorians.

Mr SHAW — We are hearing that a fair bit. In your mind, what do you think we need to do, in government, to help that along?

Mr HAUSER — One of the key things, I think, is firstly identifying these key resources so we know where they are and why they are so important. The second step is around this lead agency concept of actually making sure that there is an understanding of that approvals process and that it is transparent and has certainty to it. At the moment, particularly for investors, you just do not know what level of offset, for example, you might need to fulfil the native vegetation requirement and how to access that information and the costs involved. It may well delay a project by three or four years, or completely put the brakes on it. It is very much about that clarity of process; it is about that transparency, accountability and certainty of process. I think if government can start to play a role in facilitating that, then that will certainly attract investment back into Victoria.

Mr NOONAN — I have just noticed on page 7 of your submission you talk about the costs of the Environment Effects Statement and you have used nine case studies in order to demonstrate increased costs associated with getting approvals. Just remind the Committee where you are required to have an Environment Effects Statement for approval.

Mr BUCKLEY — I suppose it is reliant on the proponent to approach the Minister for Environment and Climate Change to determine whether an Environment Effects Statement is required on the specific project. It depends very much on the scale and the level of impact of that particular project as to whether that project meets the criteria set by the Minister for Environment and Climate Change to go through an Environment Effects Statement process rather than a Planning Permit approval process.

Mr NOONAN — Is it your experience that that is consistently applied, or is it a bit inconsistent? It is quite a costly exercise, according to your summary.

Mr BUCKLEY — It is, and there is some degree of inconsistency in that, but I understand that another parliamentary committee is about to release its long-awaited report on Environment Effects Statements in 10 days.

Mr NOONAN — The second question I had was in relation to what you may have heard from our previous witnesses, who were talking about the rights of farmers. What do you think when you hear statements such as, 'Where you have competing land interests, farmers' rights should prevail'?

Mr HAUSER — I suppose, just to put things in context, in terms of the extractive industry percentage of land mass, we are talking 0.01 per cent, and that is including buffers. If we took the buffers out, about 30 per cent of that would go. We are talking about 0.004 per cent. So I think we are not on the same level as the farmers or the developers, and so perhaps that puts it into context for you.

Mr BUCKLEY — Also, if I may add, stone is privately held; it is not held by the Crown. So it really is that the landowner owns the stone. He does not own the minerals, but the landowner owns the stone. In reality if they do not want to come to —

Mr FOLEY — It is a different negotiation.

Mr NOONAN — Just a final question. You talked about how regulations can be difficult, and you talked about the clogged effect on layering of that. Is it your view that, over time, regulation has essentially become such that it really drives the message that your industry is not a preferred industry in Victoria. Is that your sense?

Mr HAUSER — I would not read it as that, Wade. I think it is more to do with this increasing community sense of ‘Not in my backyard’. No-one wants anything in their backyard, but they still want houses under \$250,000 — for a block and a house — and they still want to be able to get to work. So I would not read it as that, no. I think our industry is actually a long-term industry. In most cases we are there for up to 50 years. We are a part of the community, and we actually value that. In a lot of cases that community engagement and social licence to operate is fundamental to us. So I would not take it that way.

Mrs PEULICH — The enforcement monitoring, the licensing, become a very important part of that social licence, obviously. To follow that up, to make it more acceptable, the issue of rehabilitation is very important, as is the lifespan of an operation. You mentioned some of the more interesting overseas directions. Are you able to just give us a few examples of the types of post-operational use that that land can be put to, as part of that tendering-out process? You mentioned a couple; are there any other specific examples?

Mr PALLOT — Certainly. It depends on the type of deposit. A granite is typically a plug, so that could be easily done as a water reservoir, as the Lysterfield plan will be, as a water scheme. If it is sand and gravel, it can be a lakes or community sort of facility in that sense. If it is a flow of basalt, it can be one or two benches 15 metres high. That could easily be a car park, and a high-rise shopping centre complex could go in over it. Someone has already done the extraction, so they did not need to do the rework, but someone has already targeted to plan, and there is a long-term vision on what will be put into that facility. The Singapore Government used it for a munitions facility. They tunnelled in, took a big core out and put that in as a shelter for munitions. There are different applications in different countries.

Mr BUCKLEY — If I may add, there are several examples also of residential developments happening in Victorian sites as well.

Mrs PEULICH — Are they successful?

Mr BUCKLEY — Yes, Ferntree Gully as well, and the last winner of the Strzelecki award by DPI in Scoresby was a clay pit that has been converted into a residential development.

Mr FOLEY — I want to follow up on the notion referred to, of the one-stop shop, regulatory approach. That has been a pretty consistent theme from lots of people and organisations that have submitted evidence. I think you indicated that there are some good international and other Australian examples on that. Where would you see the rigour in that sort of approach to ensure that it was not simply a rubber stamp for a bidder simply for the sector, given the complexities of the issues that are associated with social licence? How do you see all those coming together in a way that — sometimes you get what you wish for and that could be the worst of all worlds? How do you see something operating in a rigorous way that deals sensibly with the problems but reflects the complexities of all the social complications that you yourselves have referred to in your sector’s operations?

Mr HAUSER — Firstly, it is the clarity of that process, and that is well understood. If you turned up to Victoria today having no idea, there is still no one that can really map through that process and say, ‘This is what you need to have at this stage; these things can be done in parallel; that does not have to be done before this; this is the quality information you have; and this is a reasonable time you would expect, say, DSE to respond on a certain issue’.

At the moment it is a requirement that perhaps that is really well mapped out and understood for the proponent, and there is some rigour around the transparency in that and accountability for those times, particularly with issues around referral agencies. It can go out to a referral agency. They may look at it. They will not necessarily have the skills and knowledge to make a decision around the particular issue that they are looking at, so they will simply just send it back requesting more information. It just becomes a continuous loop that the industry cannot get out of. There have got to be ways of breaking those bottlenecks and facilitating a pathway through when those situations occur.

Mr BUCKLEY — We are not talking about lowering the standards at all. We are not talking about a one-stop shop where they have got one person who makes the decision on the approval. We are not talking about that. We are talking about a facilitative, consultative process that is actually managed better so that time frames are kept to and referral agencies do not hold up the process.

The CHAIR — So things are run in parallel.

Mr HAUSER — Exactly.

Mr SHAW — It is not necessarily the standard; it is the time it takes for that to happen.

Mr PALLOT — And the certainty of cost and the time. There are a number of projects that are out there where there is no certainty, work authorities have been granted and Planning Permits may have been granted, so the investors have an expectation of a return within a time frame. The EPBC Act then comes into play in terms of offsets, and there is a supply-and-demand issue. Then there is a cost and uncertainty as to a timeline. That is a massive impact.

Mr FOLEY — That is another issue. How do you see the relations between State and federal overlays in regulation in this area? Maybe we do not have another hour.

Mr PALLOT — There are differences, and the interface — —

Mr FOLEY — So if there was a one-stop approach, it would necessarily also have to take into account federal jurisdictional issues.

Mr BUCKLEY — Yes, there needs to be harmonisation in that, and the one set of documents and one set of approvals dealing with all three layers of government. You have got local, State as well as Commonwealth requirements, and when it comes to biodiversity and native vegetation, people get trapped between those three layers of government. Some degree of harmonisation is needed.

Mrs PEULICH — Do you think other states will want to harmonise to Victoria's level?

Mr BUCKLEY — Let us hope in the future that they have got a better system here in Victoria and we can lead the Commonwealth.

The CHAIR — I like the way you think.

Mr PALLOT — There are some inconsistencies in the approach there too in terms of offsets available for the urban growth boundaries and people outside of the urban growth boundaries. There is not a level playing field. People are exposed to having access to offsets if they happen to be located within that zone or not having access to offsets, which can completely change the investment criteria for competing companies.

Mrs PEULICH — Then is there consistency of your back buffers.

Mr PALLOT — No, I think buffers are okay.

Mr HAUSER — The buffers issue is fine, I think it is beyond that. This is more to do with the native vegetation issue.

Mrs PEULICH — No, I understand that, but I mean, that is always an issue.

Mr PALLOT — No, I think the buffers are okay. Just a comment in terms of lead agency: my experience from the Hong Kong Government and others was that they did engage a lot of consultants prior — obviously they took the lead in terms of the whole site, and then they put it out to tender for prospective bidders to come in. They actually controlled the domain through their consultants and got a balanced position for what they wanted to do with the end gain for the community in mind.

The CHAIR — Clearly, if that was part of their planning process from the very beginning, that would wash through.

Mr HAUSER — Yes, that is right.

Mr NOONAN — You touched on this earlier. The Minerals for Cities example that you gave, and you have it at page 14 of your submission in a bit of detail, is a past program that I gather is targeted to assist industry but also to assist where there is a determined need for an extraction. I noticed there that South Australia is again being held out as a good example of this. Can you provide the Committee with some more information about this particular program, again with the view that we will make some recommendations as a committee to the Parliament. Indeed if these sorts of programs are ones that you are part of and that the industry believes governments should be looking at to assist in any way they can, then perhaps if you give us the reasons, we can take that away with us and deliberate?

Mr BUCKLEY — Yes, sure. This goes back a little to the idea of the extractive industry interest areas that I talked about earlier. Previously the Department of Primary Industries, or their predecessors, had identified that construction materials are in potential shortfall in the future, and concrete sand — and sand in general — was identified as one area. They did regional geological investigations in the next nearest potential area for sand delivery into the Melbourne area. Those are areas around Grantville and Lang Lang down in the south-east and Trafalgar out towards Gippsland. That was an area where they did the precompetitive geological work, similar to what was done in the minerals area, to assist industry to do further detailed work and actually define the specific areas where an extractive industry operation could continue. That work has not been done for the last 20-odd years, and they are still living off the benefits of previous work. Numerous work authorities have been applied for and are operated in those areas that have been identified in that minerals industry work.

Mr FOLEY — Who did that previous work a generation ago?

Mr BUCKLEY — It was what is now GeoScience Victoria.

Mr NOONAN — And that included drilling as well, as I have seen, so indeed if you were putting forward a view, you would say that this is the very thing that government ought to be considering right at this point.

Mr BUCKLEY — For specific commodities that are in potential short supply. I suppose the next step on from that is — identifying the resource is one thing — then providing planning protection for that resource so it is not overrun by the next urban growth boundary expansion or the next expansion of Bendigo or Ballarat, or whatever it may be, and then providing some streamlining of the approvals process for that resource and associated route.

Mr NOONAN — What would be some of the specific commodities that you would identify straight up that would, could or should be considered?

Mr BUCKLEY — We have not done that work in detail as yet, and I suppose that is something that we would like to work on in consultation with government because we think there is much better ownership of the outcomes in that process if industry and government work together on that. Nominally we feel there will be some shortages in sand supplies and perhaps in some of the higher end quality hard rock resources.

Mr HAUSER — Just to mention the South Australian example, South Australia has just completed its hard rock review, and it is just about to do the same on the sand. The same process applies there: they do some geological assessment to actually determine where the next area for development needs to be. Sand in that case has also been one of the key issues to which South Australia — and Adelaide in particular in terms of its plan for greater Adelaide — is giving consideration.

Mr NOONAN — Just for your reference, we are going to South Australia to talk to them, so we will probably get an opportunity to ask them about this very program that you are referring to.

The CHAIR — We will get a couple of pockets full of sand for you, if you like, and bring it back.

Mr HAUSER — Please do.

Mrs PEULICH — When you were referring to the south-east, were you referring to the south-east of Melbourne or the south-east of Victoria?

Mr BUCKLEY — I was referring to the area of Grantville and Lang Lang, being south-east of Melbourne.

Mr PALLOT — The metropolitan supply.

Mr BUCKLEY — But that is still supplying into Melbourne.

Mr PALLOT — Yes. Predominantly on the west is Bacchus Marsh and on the eastern side is the Lang Lang area. Then the next stage is out to Trafalgar, which is a considerable cost.

Mr BUCKLEY — And for western Victoria, west of Melbourne, I suppose, David, the supply of Bacchus Marsh is — —

Mr PALLOT — Yes, the Bacchus Marsh resources are depleting. I don't know — probably there might be another 20 years or so there. So there will be a gap.

Mr BUCKLEY — We are already importing material from the north of Melbourne, from as far away as Yea.

Mr PALLOT — Yes.

Mrs PEULICH — Do we have any short-term red flags that we ought to be mindful of?

Mr HAUSER — I think the sand is certainly one.

Mr PALLOT — The sand is probably the key one.

Mr HAUSER — Yes, the Lang Lang area. Then I suppose the high-quality hard rock.

Mr PALLOT — The granites and the older volcanic material are probably the key quality resources because other than that you have difficulties doing the high-strength concrete for durability in bridges and things like that; then you will have some issues.

Mr HAUSER — I suppose this has been flagged by VicRoads as well. They used to do their own assessments of raw materials. I am aware they do not do that anymore, and they are now understanding they cannot access these materials. They are having to look at changing the specifications that they have as a result of — —

The CHAIR — Really — downgrading?

Mr PALLOT — I think what typically happens is they are using A-grade materials for not the right purpose to a degree, hence the high-quality resources for sealing aggregates for asphalt are diminishing. They are being used as just a base coarse material or in a road construction rather than for another use.

The CHAIR — And that was not being controlled by price?

Mr PALLOT — No. I guess the resources get depleted. It may be at the top flow there is suitability; and then the bottom flow may have too many impurities in there and so forth.

Mrs PEULICH — Just one question: to what extent is resource recovery offsetting some of that?

Mr HAUSER — That is a good point. I think certainly in Europe we are seeing more potential for it, but I suppose the issue is around actually accessing that recycled material, which means pulling down buildings and roads, and in a developing and relatively young economy we do not have access to the same recycled material as perhaps Europe does, so there is a sort of cap. There is also a cost issue and a quality issue to deal with when using recycled materials. We are seeing there is certainly growth in that recycle space, and certainly our industry is encouraging that wherever possible, but there are limitations as to where you can use that material.

The CHAIR — There is not a proper business case there yet?

Mr HAUSER — No, exactly.

Mr PALLOT — No. Even in very developed places like the Hong Kong and Singapore markets the recycling businesspeople are going broke.

Mrs PEULICH — Is that right?

Mr PALLOT — And they had to be funded by the Government to keep them going.

The CHAIR — We are 50 years short, are we?

Mrs PEULICH — So it ends up in the ground, in some of our holes?

The CHAIR — Unless you can afford to pull it down and hold it.

Mr NOONAN — Just in relation to the urban growth boundary being changed, what information, precompetitive data or quality of data exists now just beyond where the boundary will be, given that you need to be in close proximity to urban areas? You provided us with pretty precise information within the area where that urban growth boundary has been extended now, but what lies just beyond? Is there back data? Would that be a priority, if that data is not up to date, such that you can essentially move the prospectivity, if you like, because the boundary has moved?

Mr HAUSER — Absolutely, yes. I suppose that again comes back to good understanding of where those key resources are and then doing that forward planning and saying those are priority areas where we should understand what the quality of the material is and then what sort of protection we want to provide to avoid the same situation happening again.

Mr NOONAN — But just beyond the boundary, I presume there are also opportunities now, even though it has moved. I suppose I am trying to understand on behalf of the Committee.

Mrs PEULICH — They probably need some lakes anyway.

Mr HAUSER — Yes.

Mr NOONAN — I am trying to find out how well understood the prospectivity is beyond where the boundary will now sit, or should this be a priority for government to assist?

Mr HAUSER — Not as well as it could be.

Mr PALLOT — It is a planning thing, because typically from the industry's point of view they are investing in the land bank now with reserves.

Mrs PEULICH — In anticipation.

Mr PALLOT — They are already out there. We typically, from an industry point of view, will look 25 to 50 years out in terms of trying to acquire land, and then typically the urban growth comes out towards us, so the distances actually get less, to a point where we then have encroachment and the interface. Hopefully at that point in time we are pretty well at the end of our life cycle, which is at 25 to 50 years, so we would like to think we are planning to be on that next zone already. But what we do seek from an industry point of view is recognition of those zones and that the planning and infrastructure of roads and buffers can go in in conjunction with our investments. We are searching for those areas now, typically.

Mrs PEULICH — So you do not support the 'no-go zones' from the point of view of prospectivity or exploration, but they ought to be reserved for — —

Mr PALLOT — Correct. I think typically with the geological formation you will have a granite zone, then you will have a volcanic plain of an older basalt flow. The areas where we will be looking from an industry point of view will be quite defined.

Mr HAUSER — Unfortunately those decisions about planning are often made at the council level, so a simple decision around approving an urban development can simply sterilise some key material.

The CHAIR — That should always be referred, should it not?

Mr HAUSER — And that is the issue. There should be a referral requirement back up to DPI in that situation.

Mr PALLOT — But it does become State in terms of an EES at that point. The larger quarry investments will actually go to a State EES.

Mrs PEULICH — The larger ones?

Mr PALLOT — Yes. That is typically the case.

The CHAIR — Thank you very much. We really appreciate the information that you have provided for us today. You will receive a copy of the transcript of the evidence that you have given today. You may alter typographical errors, but you may not alter the substance. Thank you again.

Mr HAUSER — Thank you for the opportunity.

Committee adjourned.