

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

Melbourne — 30 January 2012

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Mr J. Guttman, Manager, City Strategy, and

Mr D. Ivanic, Team Leader, Environmental Health, Kingston City Council.

The CHAIR — Welcome. Today you are appearing before an all-party parliamentary committee hearing evidence on the Inquiry into greenfields mineral exploration and project development in Victoria. All evidence taken at this hearing is protected by parliamentary privilege. However, any comments that you make outside the hearing will not have that protection. At some point the transcript from today will become public evidence — now you have been warned! Would you mind stating your full name and business address and whether you are appearing on your own behalf or on behalf of an organisation?

Mr GUTTMANN — Thank you, Mr Chair. My name is Jonathan Guttman. I am the Manager of City Strategy at the City of Kingston. Our address is 1230 Nepean Highway, Cheltenham. It is my intention to present the submission today. I am assisted by Mr Dusan Ivanic, who is the Team Leader of Environmental Health at the City of Kingston, at the same address. Also, in the gallery today is Cr Paul Peulich, who is here just to hear proceedings.

The CHAIR — Good-looking guy, isn't he? No comment?

Mr FOLEY — Despite all the difficulties he inherited!

Mrs PEULICH — I'll have to give that a vote of confidence!

The CHAIR — Can I invite you to make an oral submission, please?

Mr GUTTMANN — I understand that the Committee was provided with our submission late last week. We apologise. We had to put it through the process of presenting it to the councillors to have a look at. I do not propose to take you through it chapter and verse but just to focus on the significant points. I should say that Mr Ivanic is an environmental health officer by profession, and I am a town planner by profession. If there are some technical questions today that we are able to answer regarding amenity issues, they are probably best directed to Mr Ivanic, and for the broader questions probably myself.

We were contacted early in January by the Committee Executive Officer through our Chief Executive, Mr Nevins. I should say, too, that our Chief Executive and our Mayor are both apologies for today's hearing. Could that be recorded for the purposes of the minutes?

The CHAIR — Sure; it has been already.

Mr GUTTMANN — Thank you. We have had a couple of weeks to think about how we could best assist the Committee, and in terms of our explanation, I have brought a handout today. I will pass that around just to provide some context for Kingston. We can probably tell a story about extraction and the implications of extraction in, really, a middle Melbourne municipality that has kind of been through it. We think that is how we are best able to assist the Committee based on the terms of reference that are before it. Particularly we draw reference to — —

Mrs PEULICH — Sorry, Mr Guttman, how many kilometres from the CBD? You said middle Melbourne.

Mr GUTTMANN — Approximately 20 kilometres. That is for our northern boundary.

The two terms of reference that are most relevant to the submission we are making relate to the regulatory environment that the Committee is considering and also the consideration of costs and benefits associated with greenfields mining. Just to set some context as to where our city is for those who are not aware, we are a city of about 148 000 residents in the south-east of Melbourne. We really commence in Moorabbin. We go out to Clarinda and Clayton South, and we go down to Patterson Lakes to our south. To the west is Port Phillip Bay. To the east is the south-east green wedge. Some of the features of the city include things like Westfield Southland, Edithvale and Seaford wetlands, the Moorabbin Airport and — particularly for the reference today — the south-east green wedge, which is really where the extractive activity and landfilling has occurred previously.

Taking you through the aerial photo that I have provided for you, just to set some context for those members of the Committee who are not familiar with this part of Melbourne, the area here is the Moorabbin industrial area — a well-established industrial area. The area through here is the northern tip of the south-east green wedge. The golf courses you see here are Kingston Heath Golf Course and the Capital Golf Course. Just further

to the south of that is Moorabbin Airport, so that hopefully gives you a bit of context for the area that our submission focuses on.

With respect to sand extraction, a lot of the areas in this location here have been extracted by Pioneer and CSR in the 1960s, and they are now progressively being landfilled. The immediate residential areas to the north are the Clayton South and Clarinda communities. So hopefully that sets some context that will assist the Committee.

We want to start by saying that our relationship with extraction started in the 1950s in any sort of significant commercial way in Clayton South and Clarinda. We think in many instances activities occurred for a period of time without the immediate urban interface. So many of the suburbs that now exist were not there at the time when the sand extraction particularly started, and in actual fact the sand was the resource that provided for the growth of those suburbs, particularly in terms of construction and the like.

I need to stress with Kingston — and I heard the previous submission — that Kingston dealt with large, open-cut operations so that is a significant point of difference to the submission I previously heard, and it is obviously important for the Committee to appreciate. This was a major extractive industry at the time.

We want to reinforce three key points in our submission: the first one relates to strategic land use planning. That is a key thing that we think is important retrospectively in terms of looking at what has happened in our area in the last 60 years, and then obviously amenity and environmental implications, which is really one of the primary reasons we have been asked to come today to talk to you, and then the final one is royalties and dividends to provide for the end use.

We are probably at the end of the extractive process. We have now been through a process of landfilling and are challenged with the planning issues around what we do with that land in the future and that goes, we say, to the issue of royalty.

I am now on page 4, but if I can start with strategic land use planning, as I mentioned, all extraction really started commercially in the 1950s. Up until the last decade there was no more winnable sand. There was one application, for a site on the corner of Clayton and Heatherton roads, for an extractive permit in the last decade. We were successful in defending a refusal to grant a permit for the VCAT for that matter but that has been the most recent attempt to extract anything within our municipality.

In terms of what has come from that, although extraction has ceased, we say in our submission that the amenity legacy of the holes created as a consequence of landfilling activities likely to continue in some instances beyond 2020. So yes, the extractions happened, but now obviously one of the key issues for the city is managing landfilling and the associated issues with that.

The speed in which that happens — to get from the extraction obviously to the filling — has a lot to do with environmental management conditions that are imposed at the time. Both myself and Mr Ivanic have worked at the City of Kingston for more than 15 years and have seen the regulations change to a large degree in terms of obligations on landfill operators. Probably when we started the sites could be filled flat and now they are filled with some contouring.

We make the point too, in paragraph 12, about the need for significant capital investment in terms of the beneficial uses that we are seeking, and we say to the Committee that it has been a 50-plus year journey for the City of Kingston and the communities that preceded it. Therefore we say that, unlike many other strategic land use initiatives that local government is involved in, this one really has a long-term legacy. A lot of our town centre planning and other local planning tends to have a 20-year time horizon. We say here that the time horizon needs to be significantly longer. We picked out in our submission the way the State Planning Policy Framework, for example, deals with coastal inundation and coastal climate change. What it now requires is that we add into design, as a coastal municipality, a plan for a 0.8 metre rise in sea level to the year 2100. We believe that that is kind of the long-term planning context — that something like the future of extraction in terms of how it is presented through the planning framework needs to be considered.

We then to go to say in our submission that in giving consideration to things like the urban growth boundary and the way that that is set, the current provisions that provide for about a 500 metre distance from extraction, which was the case for part of the life of Kingston, is probably inadequate in terms of interface with sensitive

urban areas, particularly obviously again open-cut extraction and then the subsequent landfilling. We say that that obviously needs to be weighted against competing activities of agriculture and other things on the hinterland of Melbourne. We do say we are unique. We do not think there will be a location 20 kilometres from Melbourne's CBD that will ever go through this situation again, but we certainly say that there needs to be a long-term planning consideration given to anywhere near an urban settlement or a planned urban settlement, and we would say that the 500 metre buffer in the planning scheme for some forms of extraction simply is not sufficient.

Mr SHAW — Why is that?

Mr GUTTMANN — For us it has not been so much the issue to do with the extraction it has been what has come after. So it has been issues associated with landfilling, it has been issues associated with other landfill-related activities. The next section of the submission kind of steps through what some of those things are, but you can imagine that the consequence of large, heavy vehicles driving through partly urban areas, with noise and smells associated with landfilling in the context of what is now really established middle Melbourne has been a real management issue for both local government and the EPA over the years.

Just to reinforce what we have in our city still, we still have, in paragraph 15, organics recycling, we have concrete batching, concrete recycling, we have refuse transfer, and they are all activities that spin off from landfill. They are seen as being compatible with landfill. We have putrescible tips, we have solid inert operations as well, but there is really an industry that is still operating in that area that is very much a waste-related industry.

Our objective as a council is to move towards finishing landfill. Rather than state government policy encouraging recycling and other things, we actually want the holes filled quickly in our municipality to actually bring up some of the beneficial uses. These other things that spin off landfilling actually work against that objective from time to time because they are about recycling and the like. So it is really a very difficult issue for our city to manage, but as the submission says our council advocates actively to finish the landfilling which is, as the Committee would be aware, controlled by the Metropolitan Waste Management Group in terms of the sequencing of the filling.

To go to the question raised before about what are the implications for us, we have tried to outline them and we would summarise them as follows: we do have significant, from time to time, odour-related issues which are particularly seasonal and depending on wind direction. We have airborne rubbish and dust particulates in the air associated with some of the activities which have implications both on the urban but also on the non-urban community — agriculture and the market gardens that still exist in the city of Kingston.

In addition, due partly to the increased costs in landfilling we have a lot of illegal dumping, so we have significant issues associated with people getting close to the tip gate and finding the costs associated with going in the gate are quite substantial, and as you can see by the aerial it is a very difficult area to police. So there are issues with illegal dumping.

We also have issues in terms of road congestion. Those roads were designed not at the time to consider the capacity of the heavy vehicle traffic that now goes along there, as well as the large commuter demand through the south-east corridor. What comes from that too is mud and bricks and other things on roads which lead to issues for both ourselves and VicRoads in terms of policing.

In terms of landfill management, there is the issue of the post capping of landfill sites. Once the sites are capped we have a real issue in working with Melbourne Water on management of the stormwater that comes off the capped landfill sites that is moving around as a consequence of the recontouring of the landfill sites, and then obviously the environmental issue that might come in terms of leakage into that groundwater, particularly based on the older ways landfill sites were managed and the practices that occurred then.

The EPA have significantly stepped up over recent years in terms of trying to partner council on managing some of these issues. You will see by the attachment that I have provided that their website actually takes you to the Clayton South and Dingley area, quite promptly, to give the community a lot of information about how it should report incidents and particularly odour-related incidents associated with landfilling.

This is a reasonably new initiative from the EPA. They have been really proactive with the community. They have certainly run some community forums to assist us in terms of managing expectations that the local community has. To reinforce the scale of recent interest I have included a graph in the submission that shows the level of complaints since 2005 in Clayton and Dingley. You can see that there is a particular spike from the start of the 2010–11 financial year through to now. It has created a real community expectation that there is a lot of work by both local government and the EPA in terms of monitoring the way the landfills are operating.

What we say to the Committee is that we think it needs to take an exceptionally long-term time horizon in terms of its strategic planning and consideration, particularly around forms of extraction that, again, cause negative externalities. The Committee needs to turn its mind to whether there will ever be interfaces anywhere near urban communities, which is certainly the Kingston example. It needs to consider this at an intergenerational level. As I said, it is not something that you can do over a 10- or 15-year period. We can reflect on 60 years of experience with this issue by our municipality and the ones that preceded it in terms of trying to manage community expectations.

The final point of our submission relates again to the framing and consideration but around royalties. We would submit — and we say it in our submission — that this was not sufficiently done through the extractive industry cycle in Kingston, despite sand being a very important commodity for Melbourne at the time. We understand it to be a commodity that benefited companies that used it. The ability for any sort of royalty to be collected then was limited.

We then had a look at the way the planning scheme works now. This is Karkarook Park, which is the first regional piece of the chain of parks that I will come to. This whole area through here is covered by a public acquisition overlay. We say that there is something like 60 MCGs worth of parkland that is yet to be provided into the chain of parks. That is covered by a public acquisition overlay. Our submission makes clear that even the people benefiting now in terms of the extraction still have something that the State needs to acquire to actually deliver on the chain of parks as part of a public acquisition overlay. We make the point in paragraph 25 that the parties will still benefit because once the extraction is finished the land will have some value and because the way the *Land Acquisition and Compensation Act 1986* works is that those parties are entitled to reasonable compensation.

The company at the time — that was Deloitte, Ross and Tohmatsu — did a task in 1992 for the former cities of Moorabbin, Oakleigh and Springvale as well as the then Melbourne Parks and Waterways to identify the effective cost of delivering this chain of parks, which is what our community is waiting for. At the time, in 1992, they thought the capital cost was \$31.5 million, and they attributed a \$2 million annual cost to maintaining that chain of parks. Again, the role of royalties in providing for that is obviously quite significant, because what was not provided for is now left to government collectively to find a way of funding. Certainly there is a strongly held community desire that the chain of parks is provided for when we are able to do that. I should say that since that work was done by Deloitte, the only element of the chain of parks that has been delivered is Karkarook Park, so we are still not far away from that original \$31.5 million figure that Deloitte felt the implementation cost would be in 1992.

Mrs PEULICH — So what would that be now?

Mr GUTTMANN — I am not an economist; I would only be guessing. I will leave to the Committee, but I would say substantially more to deliver in 2012 dollars. I should say, too, for the Committee's benefit that the site that I held up under the metro waste plan has still got several years to fill, so that cost legacy might be a burden to governments collectively still in several years. We would make the point that there is a significant financial cost now to government collectively to develop the chain of parks. Just the monitoring costs associated with the transition from a closed landfill to a component of parkland is significant. The expectation of the EPA is understandably significant.

We would conclude by saying that there need to be sufficient royalties that are appropriately apportioned. The reason why I make the point about appropriately apportioned is that clearly there are two beneficiaries in Kingston. There has been the beneficiary that extracted the sand initially and then there is the second beneficiary who fills the land and uses the air space as the commodity they have to provide for their business. Then there are these other businesses that flow from the landfilling. How those royalties for open-cut operations are attributed warrants some significant consideration over again, we say, a 50-plus year time horizon. That

really concludes the submission that the council wishes to make. If there are any questions, we are more than happy to assist the Committee.

Mrs PEULICH — It was actually at my recommendation that the council be invited to submit, with a view to having a look at the ramifications of taking or not taking a particular course of action as the urban sprawl means that there is more conflict and tension brought between pre-existing land uses and surrounding urbanised landscapes.

I guess just as a local resident I can say that the concerns about and the negative impact on amenity are substantial. It certainly has improved through I think both a number of parties demanding a higher level of involvement from the EPA, so that is a good thing. But it really is only a bandaid, is it not? I think you have in your submission rightly identified a number of the issues, but what you have not done is suggest what — basically, nothing has changed for something like a decade, since Parks was first established, which was I think in 1994.

What is the impediment to making some inroads, to making some progress, given that it does in many parts look like a wasteland? It is a neglected wasteland. A lot of it is ugly, it smells, and a lot of the agriculture that is in there — and I have read your consultation report, which is a part of the review of the Kingston green wedge plan — the landowners claim that it is no longer feasible because their land lots are too small and that the only financially viable course for them, given the fact that they are in a green wedge, into which they were placed some eight years ago, and that their hands are tied, is tipping or, where it is not permitted, accepting illegal dumps for the return of a few hundred dollars. Are you able to comment on that? How can we actually make some progress on addressing this in a more substantial way, bringing to realisation that chain of parks?

Mr GUTTMANN — You correctly stated that there is a development of a green wedge plan. The council sees that as its principal document to guide land use direction in Kingston's part of the south-east green wedge. For the Committee's benefit, that plan was on exhibition on two occasions last year, initially in April to solicit broad community feedback on what they thought of this location, and certainly a lot of the comments made were quite reflective of the views of people living in the area. The second stage was later in the year to exhibit a draft green wedge plan. What the council is now charged with is taking on the significant feedback it got from diverse segments of the community. Some are landfill operators; some are people living within that area. Again, it reflected the sentiments that you have made from some of the surrounding residents.

It is really to develop a plan that does a couple of things. It sets a strategic framework for long-term change. I made the point that some of the chain of parks implementation will take some time because of the stage of landfills, but also looking at some quicker initiatives around street tree planting or potentially using some of the council land a bit more proactively, in terms of the obligations for monitoring those landfill sites and being able to incrementally work with Parks Victoria to deliver the chain of parks. As for alternate land uses within the green wedge, that is really a matter that we hope will resolve itself through the development of the Kingston green wedge plan.

Mrs PEULICH — Will that require ministerial consideration or is that something within the authority of the council itself?

Mr GUTTMANN — If there are changes to the Kingston planning scheme, that would necessitate a planning scheme amendment that would then require authorisation from the Minister for Planning. There is quite a potential, I would say, that there would be some changes to the Kingston planning scheme as a consequence of the finalisation of the plan. I should not speculate on what those changes may be, but I would suggest to the Committee that there will be significant involvement from the Minister for Planning and particularly also state agencies like VicRoads, Melbourne Water, the EPA and others to bring about some of the initiatives to improve the appearance of that area.

Mrs PEULICH — You mentioned earlier that quarrying has pretty much ended. I was under the impression that there were still one or two active quarrying permits.

Mr GUTTMANN — I cannot comment. I can have a look into that. I know there was one application. There is certainly very active landfilling operation. If that was of interest to the Committee during this inquiry, we could come back to the Committee and provide advice on it.

The CHAIR — That would be fine, thanks.

Mrs PEULICH — I guess what I wanted to highlight, Chair and colleagues, was that there are a number of tensions here that will not go away quickly or easily. Obviously there are ongoing tipping operations and there are farmers who no longer can farm economically viable operations, so the only options for them is to actually look at making it available for some sort of recycling, waste management, tipping and quarrying, which is certainly not what residents in surrounding suburbs want and certainly not within 20 to 25 kilometres of the CBD. These are the matters that need to be considered.

Whilst I agree with the general thrust of forward planning identifying where mining operations and exploration opportunities exist, we also need to have that rehabilitation plan that takes in all the post-quarrying and post-mining operations to clean up, because this is a living example of what happens when in actual fact you are left with not only substantial capital cost deficits but the imposition of a green wedge on pre-existing uses, that basically cripple the council from finding effective solutions. I think this committee needs to avoid those types of scenarios, and indeed we need to give some thought as to how we can rehabilitate some of those tipping operations that we have provided permits for. Basically, it is going to cost a lot of money. The question is: where does that money come from?

The CHAIR — I am not writing you a cheque.

Mrs PEULICH — In 1992 it was \$31 million. I would imagine that in current terms it would probably be something like —

The CHAIR — Anyone's guess.

Mrs PEULICH — — \$650 million, if you are looking at comparative housing prices. Is any government of any particular persuasion able to provide that sort of money? No. If not, then what are the solutions? I would like to submit that indeed the solution may be to look at the land uses and how we can make some sensible zoning changes to actually clean up this wasteland.

Mr FOLEY — Does the council have a view?

Mr GUTTMANN — I am not authorised here to speak to the question of land use change on behalf of the council. I think the green wedge plan will be the document that helps cement the view of the council.

Mrs PEULICH — But it is good to hear that you have had such an extensive consultation.

Mr GUTTMANN — Thank you.

Mrs PEULICH — I guess what is disappointing to the community is not understanding that their councillors, who will be having to vote on these things, cannot actively take part in that debate because of the rule that they cannot demonstrate apprehended bias in relation to any planning decisions. So the community is in a state of uncertainty and ambivalence and the council has been doing its best to lead members of the community through a process which they probably do not understand. Thank you for coming along.

The CHAIR — Thank you very much. We really appreciate your time. In the next couple of weeks you will be sent a transcript of today's proceedings. Please feel free to point out any typographical errors but there cannot be any changes to any of the substantive content of that transcript. On behalf of the Committee, we are very grateful for the time and the information that you have provided.

Mr GUTTMANN — Thank you, and thanks for the opportunity.

Committee adjourned.