



21 July 2015

Executive Director
Resources and Industry Policy
Department of Planning and Environment
GPO Box 39
SYDNEY NSW 2001

Dear Sir / Madam

RE: SEPP AMENDMENT (SIGNIFICANCE OF RESOURCE) 2015

1. Introduction

On 7 July 2015, without any previous engagement with industry, the *State Environmental Planning Policy (Mining, Petroleum Production and Extractive Industries) Amendment (Significance of Resource) 2015* "the proposal" was uploaded to the Department of Planning and Environment (DPE) website.

The proposal seeks to repeal Clause 12AA of the SEPP, a measure which ensures that the relative regional and State economic significance is the principal consideration for the consent authority.

There has been much debate in the community and in the parliament about the intention and meaning of 'principal consideration' and we are concerned this proposal may be a kneejerk reaction to this hyperbole.

2. Consultation

Prior to making substantive comment on the proposal, on behalf of our members, we express significant dissatisfaction with the public consultation employed by DPE. As the peak body for the heavy construction materials industry, it is grossly inadequate that we had no direct contact with the DPE of this substantive policy change. Moreover, to allow just two weeks to consult with our members is insufficient and arouses suspicions as to whether this is the predetermined outcome.

CCAA has a strong track record of constructively and maturely working with the NSW Government on policy related issues and we are extremely disappointed that the opportunity to engage proactively was removed by the consultation approach employed by DPE.

3. Economic Significance

CCAA members who are extracting more than 200,000 tonnes per annum from a total resource of greater than 5 million tonnes are eligible for consideration as a State Significant Development (SSD). As a result these resources are able to use Clause 12AA within the SEPP.

It is CCAA's position that all extractive operations should be classified as SSD but nevertheless supports the consent authority being DPE rather than local Councils above this current threshold.



CCAA supports SSD identification because it is likely that the material being extracted from these sites will be used to build the significant infrastructure that a modern economy requires.

This is no more prevalent than the current experience in NSW. The Government's ambitious and bold plan to build infrastructure is placing a high demand on the extractive industry. Recently, the government unveiled budgetary expenditure of \$68 billion on infrastructure over the next four years. This expenditure does not include the \$20 billion worth of projects announced as part of the Restart NSW plan. Much of this infrastructure, including road, rail, schools, hospitals, ports and dams is going to require construction materials and concrete.

Without the extractive industry, projects like the Sydney Metro, Sydney Light Rail, North West Rail Link, Northconnex, Westconnex, Pacific Highway duplication and Badgerys Creek are simply not possible. These projects are beyond criticism in terms of their economic significance to the state of NSW. All of these projects have been carefully planned because of their associated productivity improvements to the NSW economy.

CCAA strongly believes that DPE needs to interpret economic significance, beyond just the number of jobs or the value of the commodity and instead holistically analyse the ramifications to the NSW economy if none of the projects identified are completed.

Within this context, there is no more important industry to the NSW economy than the extractive sector.

4. Clause 12AA

The insertion of Clause 12AA was lauded by CCAA. It was, if nothing else, a strong indicator to industry, that the NSW Government was serious in supporting industry. It also rebalanced the planning assessment process, which had been slowly creeping in the direction of unrealistic environmental measures at the expense of sensible, considered development.

Repealing Clause 12AA, after just two years, creates uncertainty, jeopardises investment and undermines business confidence, at a time when the NSW Government is trying to send the opposite signal in terms of its ambitious infrastructure agenda.

5. Conclusion

There is no doubt that repealing Clause 12AA will send a destructive message to the extractive, mining and petroleum industry.

Repealing Clause 12AA is an inappropriate reaction that removes any economic significance from being considered during the assessment process. As highlighted above, DPE should consider the effects of this on the extractive industry in the context of suppliers of the construction materials that will build the major infrastructure projects committed to by the NSW Government.

CCAA supports economic consideration being a factor open to the consent authority, given the same level of consideration as other environmental, social and cultural factors. Removing it completely does not achieve this objective.

All projects underpinned by the SEPP should and will continue to be scrutinised appropriately by DPE – this will include the stringent environmental measures, as well as consideration of the economic significance of the project.

CCAA therefore recommends:

1. That DPE abandons this harmful proposal to repeal Clause 12AA from the SEPP.
2. In the alternative, the DPE meaningfully engages with industry and other important environmental stakeholders to seek alternative models – for example a rewording of the clause that makes economic significance a consideration but not the 'principal consideration'.

We look forward to engaging further with DPE in relation to the SEPP.

Yours sincerely



**TODD HACKING
STATE DIRECTOR**