



Victoria & South Australia Aggregates



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Planning Implementation
Department of Environment, Land, Water and Planning
PO BOX 500
East Melbourne
Victoria 3002

**Strategic Extractive Resource Areas Pilot Project:
Submission to the Department of Environment, Land, Water and Planning**

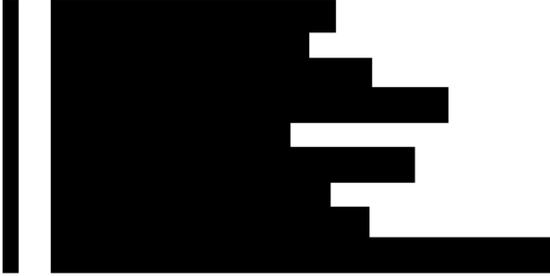
Introduction

As part of the public consultation phase of the Strategic Extractive Resource Areas (SERA) Pilot Project, Holcim (Australia) Pty Ltd (**Holcim**) provides the following submission.

Holcim is one of Australia's leading suppliers of heavy building materials to the construction industry. In Australia, Holcim operates over 53 quarries, 149 concrete plants as well as 12 precast concrete facilities. In Victoria, Holcim has 11 operational quarries, 30 concrete plants and 2 precast concrete facilities. As an integrated concrete and aggregates business, Holcim is one of the largest suppliers of hard rock and sand within Victoria and operates a number of quarries within the Melbourne supply area.

Holcim operates two quarries located within the Wyndham proposed SERA boundary and operates one quarry located within the South Gippsland proposed SERA boundary. The details of these operations are provided below:



Holcim strongly supports the implementation of the SERA project within the Wyndham and South Gippsland Local Government Areas (LGAs). The project will serve to provide greater planning controls for incompatible development and provide long term security for existing and future extractive resources within areas located close to LGAs with the greatest forecast demand for stone and sand products.

Access to rock and sand reserves has been a critical risk for the extractive industry and the State, particularly with the intensification of urban encroachment and incompatible land use. Holcim considers that the SERA project will appropriately address this risk and ensure continuity of supply for construction material.

Given demand for extractive resources is projected to double between 2015-2050 and a significant shortfall is forecasted, it is imperative that both existing quarries and areas likely to host significant stone or sand resources close to high demand LGAs are expeditiously secured by implementation of the SERA project (PwC, 2016). As the SERA project expands to other LGAs, this will serve to identify and secure the State's future extractive resources to provide for the significantly increased forecast demand. This will ensure that Melbourne continues to benefit from access to affordable construction materials, close to the market. Of particular importance in rolling out the project to other areas will be prioritising LGAs with existing quarries and critical resources which are subject to pressure from incompatible development and are likely to see supply shortages in the short to medium term future.

Previous Extractive Industry Interest Areas

Whilst Extractive Industry Interest Areas (EIAs) established in the 1990s were identified within the Victorian Planning Provisions by virtue of Clause 52.09 and 14.03-1S, these do not provide a binding planning mechanism to prevent identified areas of high quality stone and sand resources being sterilised from competing land uses such as residential subdivision of broadacre farming areas. In addition, previously there has been no visibility of the EIAs within the publicly available mapping tools which are commonly used by planning practitioners and municipal councils. Further, EIAs are not currently identified by a zone or overlay provision and therefore provide insufficient certainty to the extractive industry, proponents of incompatible developments, local residents and municipal councils.

Benefits of SERAs to existing Work Authorities and new quarry applications:

For existing approved quarries, the SERA project will provide greater certainty for capital investment knowing that the risk of encroachment of incompatible development will be reduced and the likelihood of long term security of land tenure will increase in instances where quarry land is leased. This will ensure the resource associated with existing operations is secured for the long term future in order to cater for current and future projected demand.

In addition to protecting existing quarries from sterilisation of reserves, it is important that the SERA protects existing and future quarry transport routes from incompatible development¹. This is particularly important in relation to development of new sensitive receptors (including residential dwellings) adjacent to key transport routes utilised to deliver materials to Melbourne and local markets. Previous development of sensitive receptors without due consideration of the existing transport routes operational quarries use has resulted in onerous conditions on the operator and has severely constrained sales and load out hours particularly on local council roads. With the increasing demand for stone and sand resources as well as congestion on the arterial road network, flexibility to transport construction materials outside of peak periods is imperative to efficiently deliver products to market, reduce traffic congestion and minimise heavy and light vehicle interaction on public roads.

Holcim supports the introduction of planning controls to safeguard existing approved operations from incompatible development through designation as Special Use Zones within the Wyndham and South Gippsland Planning Schemes². The importance of greater planning controls for existing quarries is reinforced from confirmation that 65% of the Wyndham LGA's Extractive Industry Interest Areas are now inaccessible due to development and incompatible uses (State of Victoria, 2020). In addition, South Gippsland has been identified as the top ranked strategic critical resource LGA forecasted to supply approximately 33% of Victoria's hard rock needs and 22% of its sand and gravel demand in the period 2015-2050 (PwC, 2016).

Holcim submits that Cardinia Shire Council should be a high priority for the next SERA given that a number of the buffer zones for the South Gippsland Pilot SERA extend into the Cardinia LGA and the SRO will be applied to prevent incompatible development encroaching on Victoria's natural sand resources³. In addition Cardinia is a top 10 demand LGA with high quality hard rock resources forecast to see a 200-300 thousand tonne shortfall in supply in 2026 which will increase significantly by 2050 (PwC, 2016).

For new extractive industry applications within the SERA, greater planning certainty and planning merit within the SRO will be provided by specifically designating these areas as a critically important resource within the relevant planning scheme. Planning certainty will minimise ambiguity between industry, local councils, local residents and proponents for incompatible development and thereby prevent further broadscale sterilisation of Victoria's extractive resources.

Wyndham LGA SERA



The sites are strategically located to supply high grade aggregates to growth areas including Wyndham City Council which is forecasted to require in excess of 30 million tonnes of extractive product between 2015-2026 and is expected to have a shortfall of almost 600,000 tonnes in 2026 (PwC, 2016). Wyndham's shortfall of hard rock resources required to meet forecast demand is projected to significantly increase to over 2 million tonne by 2050, ranking as the second highest demand LGA for hard rock only behind the City of Melbourne (PwC, 2016). The impact of this supply shortage should the SERA not be implemented would necessitate material to be transported a much longer distance from quarries located further away. This longer cartage distance would increase the delivered cost of aggregates significantly and therefore the resultant cost of housing, construction, and infrastructure in the Melbourne market. For example, due to quarries in NSW being located comparatively further away from the Sydney CBD

market, their aggregate materials demand prices in the order of 60% higher than Melbourne. In addition to the increased delivered cost, sourcing materials from further away has adverse social and environmental impacts resulting from significantly increased heavy vehicle movements and vehicle emissions.

Both the Werribee and Manor sites are also within the defined Extractive Industry Interest Areas and have close access to the Princes Freeway which readily supports the heavy vehicle movements required to transport material to the Melbourne market. The sites are also located close to complementary land uses including the Wyndham City Council Refuse Disposal Facility and other operational quarry sites.

Whilst the sites have been subject to ongoing pressure from residential subdivision in proximity to their boundaries, to date buffer zones have been maintained ensuring that incompatible development does not encroach on each quarry. However, Holcim has strongly advocated with the Victorian Planning Authority and Wyndham City Council to maintain the 500 meter minimum buffer zone from WA 420 to proposed residential properties. Holcim has continually highlighted an oversight in the Black Forest Road South Precinct Structure Plan which depicts a portion of land within the 500m quarry buffer for future residential development. This oversight has resulted in creating ambiguity for the responsible authority as well as the development proponent and required Holcim to object to residential subdivision in this area of the identified buffer zone.

Holcim notes that the Public Acquisition Overlay, Schedule 7 - Western Grassland Reserve (PAO7) and associated Environmental Significance Overlays relating to the Western Grassland Reserves constrains the development of quarries West of metropolitan Melbourne significantly and has been excluded from the SERA project on this basis. Whilst Extractive Industry Interest Areas were identified prior to the introduction of the Western Grassland Reserve, the lack of formal planning controls previously afforded to EIAs unfortunately has resulted in EIAs being substantially covered by the reserve and therefore the area that can be developed for extractives within the Wyndham LGA being significantly reduced. Whilst Holcim recognises the importance of the Western Grassland Reserve, this highlights the importance of the SERA project and implementation of the State Resource Overlay to prevent future incompatible land use from occurring.

South Gippsland LGA SERA

[REDACTED]

[REDACTED]

A wedge of Rural Living Zone is located within the SERA investigation area. The possibility for sensitive uses within the SERA investigation area is an important consideration, particularly given the proximity of sensitive receptors to WA2. Holcim strongly supports the Rural Living Zone adjacent to WA2 being incorporated into the SERA in order to protect further encroachment of incompatible development on the existing operation⁶. By including the Rural Living Zone East of McDonalds Track within the SRO the buffer zone will be protected from further encroachment of new sensitive uses being constructed on existing allotments as well as further subdivision occurring in close proximity to the quarry. We note that 2 hectares is the minimum potential subdivision allowable under the South Gippsland Planning Scheme within the RLZ, therefore, without planning controls preventing additional sensitive uses in the buffer zone, the existing operation and future expansion opportunities could be constrained.

If the proposed SERA doesn't proceed within South Gippsland Shire, the critical natural sand resources in the Nyora area may not be able to be renewed. This will result in resources having to be sourced from significantly further away. This in turn will result in a higher delivered cost for housing, construction and infrastructure projects, increased traffic and vehicle emissions (as discussed earlier for WA184 and WA420). Subject to natural sand availability from regional areas, Victoria could be forced into a position of becoming a net importer of natural sand. This outcome could see the cost of natural sand increase by as much as 100%.

Holcim notes that the SERA boundary within the South Gippsland LGA depicts a relatively small area of high quality sand resources and proposes to apply the SRO around the existing approved operations. Holcim seeks that the SERA boundary within the South Gippsland LGA be expanded significantly into those areas which have previously been identified as significant high quality resources and Extractive Industry Interest Areas⁷. These EIAs include 883993 and surrounding approved Work Authorities stretching between Inverloch (Bass Coast LGA) to Leongatha. The South Gippsland Shire was forecast to supply approximately 33% of Victoria's hard rock needs and 22% of its sand and gravel demand across the period 2015-2050 and therefore this area should be afforded planning protection to secure it to provide for expected long term demand (PwC, 2016).

Draft Schedule 8 to Clause 37.01 Special Use Zone of the South Gippsland Planning Scheme and Schedule 10 to Clause 37.01 Special Use Zone of the Wyndham Planning Scheme

Holcim supports the proposed updated Schedule 10 and Schedule 8 of the Special Use Zone within the Wyndham and South Gippsland Planning Schemes respectively whereby use for 'Industry' will likely be permitted subject to being 'used in conjunction with extractive industry'⁸. However, 'Industry' should be a 'Section 1 - Permit not Required' use when used in conjunction with extractive industry to allow co-location of mobile concrete batching plants and asphalt plants on operational quarries as required⁹. We submit that a permit under Schedule 8 of the SUZ of the South Gippsland Planning Scheme and Schedule 10 of the SUZ of the Wyndham Planning Scheme should only be required for 'buildings and works' and 'Industry' should not be a 'Section 2 - Permit Required' use when used in conjunction with extractive industry¹⁰.

Holcim strongly supports removal of 'must not be for a purpose listed in the table to Clause 52.10' from the proposed schedules as this has precluded colocation of ancillary and associated uses in the past¹¹. The updated schedules support colocation of ancillary activities on or adjacent to operational quarry sites which previously has been a cause of frustration particularly within the Wyndham LGA where co-location of associated and ancillary activities has not been permitted under the planning scheme. These ancillary activities amongst other things typically include concrete batching plants and concrete manufacturer, asphalt plants and asphalt manufacture as well as recycling of returned concrete materials into new products.

Drafted Schedule 1 to Clause 44.07 State Resource Overlay for the South Gippsland, Wyndham, Cardinia and Bass Coast Planning Schemes

Management Objectives:

Holcim supports the threshold distances of 250 meters (without blasting) and 500 meters (with blasting) being applied to the SERA pilot project sites and implementation of greater planning controls through the introduction of the SRO in the buffer areas of existing Work Authorities¹².

Holcim supports the approach proposed for the application of buffer zones from existing quarry operations within the SRO to commence from the Work Authority boundary as this supports potential future expansion of the extraction limit. This is particularly relevant for sites where the extraction limit is not at its full extent within the existing Work Authority boundary¹³.

Subdivision and Buildings and Works

Holcim supports the proposed subdivision and 'buildings and works' requirements for development within the proposed SRO¹⁴.

Referral of Applications

Holcim strongly supports the proposal for any use or development triggering a permit under the SRO to be referred to the Secretary of the Department administering the *Mineral Resources (Sustainable Development) Act 1990* (Currently Department of Jobs, Precincts and Regions) as a determining referral authority¹⁵.

Exemption from Notice and Review

Holcim supports the proposal to allow extractive industry permit applications to be exempt from notice and review requirements under the *Planning and Environment Act, 1987* within the SRO subject to meeting the criteria stipulated¹⁶. The criteria require that the land is at least 250 meters (sand resource in South Gippsland) or 500 meters (hard rock resource Wyndham) from land used for any of the uses that require a permit in the SRO and the land has access to a road located within a Road Zone, Category 1. Holcim believes exemption from notice and review should extend to 'buildings and works' applications on existing quarries within the updated Special Use Zone (Schedule 8 and Schedule 10 in the South Gippsland and Wyndham Planning Schemes respectively). We submit that each of the draft schedules should be amended accordingly in accordance with Clause 37.01-4 of the South Gippsland and Wyndham Planning Schemes¹⁷.

Decision Guidelines

Where a permit is required for use or development within the SRO, the decision guidelines proposed include determining whether the proposed development is compatible with an extractive industry use and the potential for the proposed development to impact existing operations or future expansion. Holcim supports the proposed decision criteria, in particular those addressing adverse impacts to the operation and development of an existing Work Authority or future resource¹⁸. The decision guidelines proposed will protect buffer zones of operational quarries and provide greater certainty for the extractives industry, development proponents and municipal councils.

Conclusion

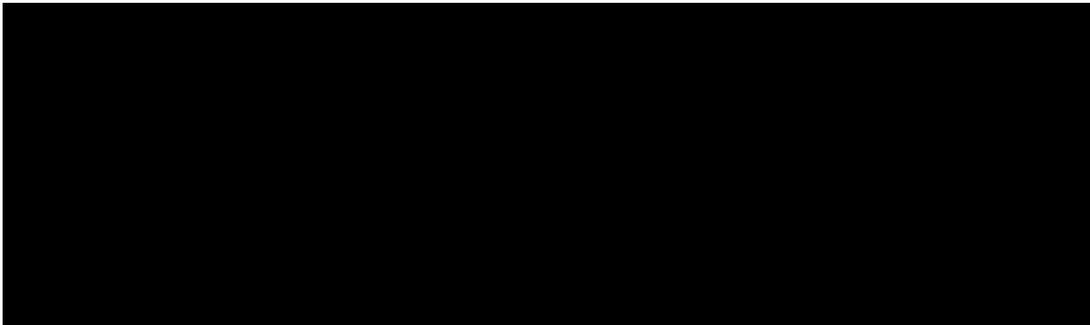
The implementation of the SRO for the areas where there are no existing quarries will mean that SERAs are not sterilised and new quarries can be developed with reduced risk of encroachment from incompatible development. In addition, the SRO will prevent encroachment of incompatible development on the buffer zone of existing operational quarry sites.

Applying the proposed updated Special Use Zone and planning scheme specific schedules will assist existing quarries with planning certainty and also provide a common sense approach to co-location of associated and ancillary activities on or adjacent to operational quarry sites.

Holcim strongly supports the introduction of the SERA within the Wyndham and South Gippsland Local Government Areas as well its implementation to other municipalities. In implementation of the SERA project to other LGAs, Holcim submits that particular priority should continue to be placed on those areas which are defined as top 10 LGAs within *Extractive Resources in Victoria: Demand and Supply Study 2015-2050* (PwC, 2016) as well as LGAs strategically located to support the State Government's Build Build.

Holcim welcomes further opportunities to discuss this submission with the Department of Environment, Land, Water and Planning and the Department of Jobs, Precincts and Regions in the identification of SERAs within other LGAs to secure state significant resources for the long term future. Should you require any additional information in relation to this submission, please contact the underwriters.

Yours Faithfully,



*Appendix 1: Statement of support or
request summary*

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