



15 May 2014

The Research Director
 State Development, Infrastructure and Industry Committee
 Parliament House
 George Street
 BRISBANE QLD 4000
 Via email: sdiic@parliament.qld.gov.au

Submission No. 4
11.1.19
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Dear Research Director

Cement, Concrete and Aggregates Australia (CCA) is the peak industry body representing the \$7 billion-a-year heavy construction materials industry in Australia. Our members are involved in the extraction and processing of quarry products, as well as the production and supply of cement, pre-mixed concrete and supplementary materials. We welcome the opportunity to make a submission regarding the *Sustainable Planning (Infrastructure Charges) and Other Legislation Amendment Bill 2014* (the Bill).

Our members play a critical role in building the economy and delivery of local infrastructure, particularly through construction materials supplied for critical pieces of development such as roads, bridges, schools, hospitals and housing. We are a key component of the supply chain for the building industry, and the ability of our members to efficiently provide product to market is of fundamental importance. We also provide technical advice and support to the building industry on all aspects associated with the usage of concrete products.

Importance of extractive resources and concrete batching facilities

Our industry is central to meeting the challenges of a prosperous Queensland. It is estimated that each Queenslanders requires about 10 tonnes per annum of quarry material to support the building of roads, houses and other infrastructure to service his or her needs. The nature of construction materials means that our industry's operations need to be based in certain areas, that is, quarries can only be located in particular geological regions, not too close to sensitive uses, yet not too far away to make transportation costs prohibitive.

Next to water, concrete (which generally comprises 80% gravel and sand; 10% cement and 10% water) is the most consumed substance on the planet. Worldwide, three tonnes of concrete are used per person every year. In addition, an average new house constructed needs about 110 tonnes of crushed rock, sand and cement in 53 m³ of concrete.

Overall comments on draft Bill

CCA believes that there has been inadequate time provided by the Government to fully digest the complexities of the Bill, therefore, it is difficult to provide substantial comment on how the legislation will fully impact the heavy construction materials industry. CCA has previously provided feedback to the Department of State Development, Infrastructure and Planning on its discussion paper on Infrastructure Planning and Charging Framework Review in June 2013, however, it appears our suggestions have not been fully reflected in the Bill, and we have not been involved in stakeholder consultation during the development of the Bill.



CCAA does support of the Government's objective to deliver an efficient and effective infrastructure charges framework. In particular, CCAA believes in the need for equitable solutions in determining and apportioning any charges to industry. CCAA is also supportive of opportunities to simplify charges and provide greater certainty and clarity for industry.

However, CCAA believes that the Bill should also take into account the unique nature of the heavy construction materials industry (as outlined in Annexure 1) such as:

- On *road infrastructure*, local governments currently adopt a range of different methodologies for calculating demand units for road infrastructure networks to describe Extractive Industry or Concrete Batching Plants and in some instances standard demand units are not allocated with demand determined on an individual case by case basis. Many local governments adopt standard demand units for road infrastructure networks based on the number of employees, the area of the site and the size of a resource or planned demand. These methods are inappropriate for calculating road infrastructure contributions (eg, some site areas include vast areas of buffers).
- In relation to *open space or community purpose infrastructure networks*, the extractive industry and the concrete supply industry do not place a load or create any impacts on open space or community purposes infrastructure networks.
- On *water and sewerage infrastructure charges*, there is little call on such services from the concrete batching and extractive industries.
 - In relation to **concrete batching plants**, with the advent of water saving design measures such as rainwater tanks and requirements for recycling stormwater, these plants have become increasingly less reliant upon the reticulated water network. These recent advances in new technology have not been factored into the demand unit calculations for infrastructure charging regimes.
 - In most cases, the **extractive industry** does not place a load or create impacts on the reticulated water or sewerage network. Extractive industry utilises recycled stormwater from on-site stormwater management devices (dams and quarry sumps) for onsite management or operational requirements (eg, dust suppression).

As a result, CCAA believes there are strong arguments for the industry to be either fully or partially exempt from infrastructure charges for:

- Water supply and sewerage;
- Stormwater Management;
- Open space and land for community purposes;
- Planned demand assessment; and
- Bring forward costs for developing outside the Priority Infrastructure Area.

In relation to road infrastructure network charging, CCAA recommends that consideration be given to the adoption of standardised demand units based on truck movements to and from sites. Transportation costs are a major component of the final cost of aggregates, and an increase from 60 km, the average haulage distance, to 100 km can increase the cost from \$17 per tonne to \$23 per tonne, which is a 35% increase in the production cost of aggregates. Such an increase in the cost of construction materials has a strong impact on the capacity to provide the Queensland population with affordable housing and vital infrastructure.

RECOMMENDATION:

- That the Bill take into account the unique natures of the heavy construction materials industry and that the industry be **either fully or partially exempt** from infrastructure for:
 - Water supply and sewerage;
 - Stormwater Management;
 - Open space and land for community purposes;
 - Planned demand assessment; and
 - Bring forward costs for developing outside the Priority Infrastructure Area.

Categorisation of Extractive Industry

Under the current State Planning Regulatory Provisions (SPRP) (Adopted Charges), 'Extractive Industry' is categorised as a 'Specialised Use' whereby the maximum adopted charge is specified as "the charge (in column 3) for the charge category (in column 1) that the local government determines should apply for the use at the time of assessment. CCAA strongly believes that including 'Extractive Industry' into a specific 'Use Class' will provide certainty for the industry and Local Councils. CCAA believes that the most appropriate 'Use Class' for 'Extractive Industry' is '**High Impact Rural**' whereby the maximum adopted charge is \$20 per m² of GFA for the high-impact rural facility. This is based on the fact that Extractive Industry is located within Rural Areas, and has no load on the Stormwater, Reticulated Water or Reticulated Wastewater, Open Space, or Park Networks.

Other categories such as Commercial (Bulk Goods) are Urban Uses which rely on Stormwater, Reticulated Water, and Reticulated Wastewater Networks and therefore do not apply.

RECOMMENDATION:

- That the Bill include 'Extractive Industry' in the '**High Impact Rural**' category under the State Planning Regulatory Provisions (SPRP) (Adopted Charges).

Ability to credit trunk infrastructure

CCAA is supportive of the Bill's provision to have infrastructure 'deemed' as trunk, even if it has not been identified as trunk infrastructure in a local government infrastructure plan.

RECOMMENDATION:

- CCAA is supportive of the Bill's provision to have infrastructure 'deemed as trunk, even if it has not been identified as trunk infrastructure in a local government infrastructure plan.

Materials in kind (Credits for Supply of Construction Materials)

The cost of construction materials from the Extractive Industry and Concrete Batching Plants comprise a major component of the total costs for supplying infrastructure in Queensland. Any levers which increase the costs to this industry, such as increased infrastructure charges, is passed directly onto the infrastructure suppliers which then effects the inflation index (RICI) used for regular adjustments to infrastructure charges.

CCAA therefore believes that the Government should introduce a 'materials in kind' crediting arrangement for infrastructure charges.

Although this is not a recognised crediting arrangement, the concept is not dissimilar to the existing 'works in kind' crediting arrangement. The advantages of the recommendation include:

- Provision of materials rather than monetary contributions assist with cash flow; and
- Delayed contribution/staged contribution triggers will assist operators to establish prior to making contributions; and
- Supply and delivery of materials directly from operators to Council may reduce the costs for constructing infrastructure.

RECOMMENDATION:

- That the Government introduce a 'materials in kind' crediting arrangement for infrastructure charges.

Exemptions from Planned Estimate Demand Assessments

The planned demand for land located in an Urban Zone is usually substantially higher than the actual demand generated by the extractive industry. Considering that PIPs adopt the higher of planned and actual demand units, infrastructure charges are substantially higher under PIPs.

Extractive industries involve removal of finite resources and therefore, by their very nature are interim land uses. An extractive industry site does not realize its full potential until extraction activities have ceased. Therefore, any planned demand assessment should not apply to interim land uses such as extractive industry. Furthermore, to avoid the adverse impacts of cyclical inflationary effects, relief should be granted to both the extractive and concrete supply industry to ensure a robust industry and to minimise the costs for constructing infrastructure.

RECOMMENDATION:

- That Extractive and concrete supply industry should be exempt from planned demand assessment infrastructure charges.

Exemptions from 'bring forward costs' for developing outside the Priority Infrastructure Area

In addition, extractive industries typically include large tracts of land to incorporate buffers so that impacts on surrounding urban land uses can be effectively mitigated. Therefore, extractive industry is typically located on the fringe of urban areas and outside the Priority Infrastructure Area (PIA). Bring forward costs to supply truck infrastructure to quarries located outside the PIA typically incur unreasonable costs and unduly limit the future development of extractive industries. Rather than placing the burden on industry with bring forward costs to construct trunk roads before they are required (out of sequence), it is reasonable for Council's to condition works to require reasonable and 'fit for purpose' road upgrade works to connect quarries outside the PIA to the road network located within the PIA. No other bring forward costs should apply.

RECOMMENDATION:

- That the Extractive Industry should be exempt from 'bring forward costs' for developing outside the Priority Infrastructure Area. Any necessary road upgrades located outside the PIA should be provided as 'fit for purpose' only.

CCAA also supports changes to the infrastructure charging mechanism in particular:

- Water and wastewater charges only apply to those development proposals which involve connection to the reticulated water and wastewater network; and
- Extractive Industry and concrete batching plants be exempt from Open Space and Land for Community Purposes and Stormwater Infrastructure Charges.

Once again, CCAA thanks you for the opportunity to provide a submission to the *Sustainable Planning (Infrastructure Charges) and Other Legislation Amendment Bill 2014*. If you have any queries on the above, please contact me on (07) 3227 5210, or email aaron.johnstone@caa.com.au.

Yours sincerely



Aaron Johnstone
State Director – Queensland

ANNEXURE 1

Understanding the Heavy Construction Materials Industry

In developing infrastructure charging arrangements, CCAA believes that the importance and uniqueness of the industry should be considered, including recognition of the following issues:

- Heavy construction materials underpin the massive building and construction industry. Ninety percent of all extractive products are used in building and construction. Without concrete and its constituent parts – sand, aggregate and cement – the construction and building industries would not function. Extractive industries are the principal suppliers of materials to public and private infrastructure projects.
- Extractive resources are finite, site specific and limited in occurrence by geological conditions.
- Extractive resources are high volume low cost materials. Extractive industry operations must be located close to the communities that use them if they are to be economically viable and not impose too great an environmental and social cost. In addition, the extractive industries involve minimal value added processing of raw materials.
- Extractive industries do not place a load, nor create any impacts on open space and land for community purposes.
- Through use of water saving design measures, the extractive industries do not, in general, place a load, or create impacts on the reticulated water or sewerage network.
- Extractive industries use significant quantities of recycled stormwater for onsite management and operational requirements which minimises stormwater discharge from sites. Quarry developments typically involve the establishment of large stormwater detention and quality improvement devices such as sumps, water storage facilities, and natural wetlands (bio-retention basins).
- Unlike other sectors of the development industry, development proposals for quarries often trigger the requirement for Pavement Impact Contributions on the State and local government road network to fund ongoing road pavement maintenance costs.
- Existing extractive resource sites contain substantial reserves which, over a long period of time, the industry has identified, investigated, secured and, in a majority of cases, have obtained the necessary planning approvals.
- The State Government has acknowledged the importance of the heavy construction materials industry and the challenges it faces through explicitly acknowledging that the construction industry (one of the Queensland Government's four economic pillars) being dependent upon the economic supply of extractive resources such as sand, gravel, quarry rock, clay and soils.

Nexus between the Heavy Construction Materials Industry and Infrastructure Providers

The heavy construction materials industry is the principal suppliers of materials to public and private infrastructure providers such as:

Roads	Road base /sub base Bitumen Concrete for road drainage / infrastructure Concrete for bridges Concrete for precast revetment structures Bedding sand road drainage / infrastructure Concrete for pathways Bedding sand for pathways
Stormwater	Bedding sand and gravels Concrete for precast pipes and culverts
Water and Sewerage Mains	Precast concrete water and sewer mains Bedding sand and gravels
Power, Gas, Telecommunications	Precast concrete structures Bedding sand and gravels
Community Infrastructure	Hospitals, schools, parks and recreational facilities.
Building and Infrastructure	Including housing.