

24 July 2020

South Australian Productivity Commission  
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Dear Commissioner,

### **SAPC 2020 – Draft Report: Extractive Supply Chain Review**

Cement Concrete and Aggregates Australia (CCAA) is the peak body for the Heavy Construction Materials Industry in Australia.

Further to our submission of 30 April 2020 and the Commission’s Draft Report released on 23 June 2020, we wish to make the following additional comments in regards to the draft recommendations.

Firstly, we would like to acknowledge that the SAPC has clearly listened to all stakeholders and has taken a balanced approach in coming to a number of sensible recommendations. There are however several recommendations where we would make comments regarding the need for a cautious approach in implementing these recommendations. We also seek for the SAPC to go further with its recommendations as outlined below.

#### **Draft Recommendation 4.1: Pre-lodgement review**

CCAA strongly supports the elements of this recommendation.

#### **Draft Recommendation 4.2: Set and report target timelines for approval and publicly report performance of those targets**

The key to this recommendation is the adoption of goals to further reduce processing timeframes.

CCAA recommends that once all information is provided by the applicant, that there should be a maximum timeframe for approval, after which the application is effectively approved, in much the same way as the commission has recommended in Draft Recommendation 4.3, that other agencies be “provide(d) timeframes for completing referrals, after which if there is no response then the proposal is deemed to comply.”

DEM should also report on the total timeframe for approvals and not just the timeframe that the Government takes to complete the assessment. Whilst a company may have competing priorities, resulting in delays in responding to Government, the more common reason for the time taken to respond is the time it takes to gather the additional information sought by regulators. Whilst it is understood that this also is dependent on the quality of the original application. The reality is that it gives a more accurate picture of the timeframe to get approval. Whilst DEM cannot be held to

account for the time a company takes to respond, reporting on the total timeframe is nonetheless providing a more wholistic picture to industry and the general public.

Furthermore, we would ask that where a company withdraws an application and resubmits a substantially similar application, that the timeframe of the combined application is recorded, albeit with a notation to that effect.

#### **Draft Recommendation 4.3: Formalising referral arrangements between regulators**

CCAA believes that this recommendation would be welcomed by industry and the Dept. of Energy and Mining (DEM) in equal measure, particularly in relation to having a set timeframe “after which if there is no response (from a referral agency) then the proposal is deemed to comply.”

#### **Draft Recommendation 4.4: Establish a streamlined option for quarry product pre-qualification**

It is important to ensure that the current pre-qualification system remains intact, as this has provided significant cost and time savings to industry and contractors proposing to use materials supplied from quarries with materials that are pre-qualified.

Provided that the recommended alternatives are genuinely an additional alternative, we would be happy to consider proposals when these have been drafted.

The recommendation should also expressly reference NATA approved laboratories.

#### **Draft Recommendation 5.1: Updating Environmental Programs**

Most quarries seek approvals of some form or other from time to time, ensuring that environmental and other contemporary regulatory changes can be ‘caught up’.

As an overarching principal, approvals should not be changed until a quarry operator seeks to make a significant change, otherwise the original investment decision may, in effect, be invalidated if the additional cost imposition is substantial. The Commission has recognised that quarries are low margin operations, which make this even more critical.

Olympic Dam currently operates under an Indenture Act, specifically to ensure that any changed rules that would otherwise apply through other regulatory changes are not imposed midway through an investment cycle.

CCAA would urge the SAPC to make a recommendation to limit the ability for regulatory changes midway through an approved operational cycle, with the view to provide for greater clarity around the initial investment decision.

At a minimum, if the quarry approval refers to other legislation, then as and when the legislation is amended, the conditions are automatically amended thus limiting the chance for an inconsistent approach between regulators.

#### **Draft Recommendation 5.2: Delegations**

In principle, the delegation of authority to the lead agency, in this case the Dept, of Energy and mining (DEM) by all other co-regulators has the appeal of streamlining the process.

It may also help for other agencies to have focussed support for the extractives sector, which would enable specialisation, build competency and common understanding and also assist DEM with knowing who to communicate with.

#### **Draft Recommendation 5.3: First and last mile access improvements**

This recommendation is strongly supported.

#### **Draft Recommendation 5.4: Prioritising road network upgrades to optimise the extractive mineral supply chain**

This recommendation is strongly supported.

#### **Draft Recommendation 5.5: Prioritizing the reform of explosives regulation in South Australia**

This recommendation is strongly supported

#### **Draft Recommendation 5.6: Joint Review of the Extractive Areas Rehabilitation Fund (EARF)**

CCAA supports the review of the EARF.

As outlined by CCAA previously and by the Commission, there is a need to review the EARF, which was clearly set up at the beginning to ensure monies were put aside to undertake rehabilitation. This was to ensure that the operator would be able to access funds at the end of quarry life and that Government would not be saddled with the rehabilitation cost. More recently, the EARF has progressively moved away from this original purpose.

CCAA does not agree that the EARF review should be confined to being “within the context of modern expectations around progressive rehabilitation.”

Whilst we do not disagree that progressive rehabilitation is generally considered to be good contemporary practice, it is important to acknowledge that this is not always the best methodology for all parts of the operation. Progressive rehabilitation is much more critical where there are public facing components of the quarry.

Very long life quarries, where it is difficult to know the final end use or final landform, may not always benefit from progressive rehabilitation. In fact, it can sometimes have the perverse effect of creating additional public objections if a piece of rehabilitated land needs to have native vegetation, planted by the operator, removed to enable services, roads or even to be re-worked to extract materials.

#### **Draft Recommendation 5.7: Implementing Resource Extraction Protection overlays in metropolitan areas**

We strongly urge the SAPC to consider a recommendation which further strengthens extractive resource protection. Such a recommendation should include:

- Protection of the resource regardless of whether it is currently being mined.
- Protection of the resource from other services, such as gas pipelines, powerlines etc.
- Requiring residential development to have an equivalent buffer, to those imposed on quarries, from known strategic extractive resources.

#### **Information Request 2.1: Data Analysis Validation**

Quarry operators have repeatedly expressed concerns that the data does not necessarily reflect reality. Our comments under draft recommendation 4.2, if implemented, would assist in establishing more realistic statistics.

#### **Information Request 4.1: Proportional Low Risk Quarry Approvals**

CCAA supports the expanding of eligibility criteria for low risk quarry approvals and would welcome a further discussion on a “code of practice” approach.

Any quarry not impacting a water table, water course, native habitats and at a minimal depth, could mostly operate under a set of standard requirements. These conditions could be automatically set, unless an operator seeks to vary these for good reason.

The Victorian and Tasmanian options highlighted by the SAPC on page 60 of the draft report serve to offer examples of what could be easily implemented and would massively reduce the planning costs for industry and the assessment costs for DEM.

CCAA seeks for the SAPC to make a strong recommendation in this regard, with one caveat, that small quarries should not be encouraged where there are established quarries close by. This undervalues the extensive costs required for a larger scale quarry to obtain approval and could discourage the type of investment needed to get these critical quarries up and running. Whilst CCAA

supports the need for low cost materials in remote and isolated locations, it should not come at the expense of providing an unfair advantage in more populated areas where there is already competition amongst quarries which have to meet extensive regulatory requirements.

#### **Information Request 4.2: Public Consultation**

Public consultation guidelines, if established, must not be prescriptive in nature. One quarry may be in the middle of a single parcel of land, many miles from any other dwellings and in effect may only have the need to consult with a single landholder. Conversely, a proposed quarry may be close to a large residential cluster. It can be difficult to write guidelines applicable to both scenarios. As such, any such guidelines should not take a one size fits all approach.

A guideline indicating “who has standing in the consultation” is perhaps more valuable than a guideline on how to go about consultation.

If the SAPC makes a recommendation in this regard, it should include a caveat that the guidelines should not be prescriptive.

#### **Information Request 5.1: Native vegetation offsetting requirement and commercial impacts on quarry operations**

CCAA concurs with the cost of SEBs being a deterrent to commercial activity. It is not only in the extractives sector that this applies, but also to other industries and Local Government. As has been mentioned before, quarry products are generally low in value and have low margins, which is why SEBs can be even more of a deterrent than for other sectors.

#### **Information Request 5.2: Modified road network access for extractive mineral transportation**

Allowing quarry products onto commodity routes would eliminate the ironic situation that a farmer can leave their property and take a load of grain or other produce to market using a B-double, but cannot return with a load of quarry rubble to be used on their own property. CCAA strongly supports modifying commodity routes accordingly.

Most of the gains to be made from providing greater access to Higher Mass Limit (HML) vehicles for the transport of quarry products would be reflected in cheaper prices to the consumer, including domestic construction and state-owned infrastructure. The Dept. of Planning Transport and Infrastructure (DPTI) is in the best position to identify the potential productivity gains and identify the maintenance cost saving to local and state roads.

#### **Additional Recommendations: Extractives Supply Strategy**

CCAA has been supportive of the establishment of Infrastructure SA and the plan to identify strategies for a range of infrastructure types. CCAA repeats its earlier call that a specific Extractives

Supply Strategy should also be produced. Without a specific strategy, the heavy construction materials required to meet the needs of all types of infrastructure can either be delayed or can be more expensive. Heavy construction materials should not be an afterthought.

#### **Other comments**

In section 1.3.3, it is asserted that the State is conflicted between quarries and residential development, with benefits to both options. CCAA would assert that deferring residential development until the quarry has been exhausted, significantly increases the value of the land for residential purposes in the long term. Furthermore, the State can get the benefit of fully utilising a resource with a view to minimizing transport costs and, upon quarry closure, use the quarry site for its highest and best use in concert with an overall plan for a residential development. This could take the form of open space, lakes, pumped hydro systems, commercial development, or even residential itself if the final landform permits. Seeking to utilise the resource and then further develop is the only way of maximising the total potential of the land, both on the quarry site itself, as well as its surrounds.

We would appreciate the opportunity to meet further with the SAPC regarding this submission.

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Yours sincerely,



**JASON KUCHEL**  
**State Director – New South Wales and South Australia**

cc. Dan van Holst Pellekaan, Minister for Energy and Mining