

27 August 2021

Economics and Industry Standing Committee
Legislative Assembly
Parliament of Western Australia
4 Harvest Terrace
West Perth WA 6005

Via online submission at <https://www.parliament.wa.gov.au/>

SUBJECT: PARLIAMENTARY INQUIRY INTO INTERGENERATIONAL CHALLENGES AND OPPORTUNITIES FOR THE WESTERN AUSTRALIAN ECONOMY

Cement Concrete & Aggregates Australia (CCAA) welcomes the opportunity to provide a submission into the Parliamentary Inquiry into Intergenerational Challenges and Opportunities for the Western Australian Economy.

CCAA is the peak industry body for the heavy construction materials industry in Australia including the cement, pre-mixed concrete and extractive industries. Our members operate cement distribution facilities, concrete batching plants, hard rock quarries and sand and gravel extraction operations throughout Western Australia. For your information, a list of CCAA members in Western Australia is provided in Appendix 1.

CCAA members nationally account for 80% of total industry output, with the industry generating \$15 billion per annum in revenue, employing 30,000 Australians directly and supporting the employment of a further 80,000 people. CCAA members produce and supply the heavy construction materials (cement, concrete and aggregates) that are used to construct Western Australia's infrastructure. Providing both the raw material and finished product, heavy construction materials contribute to the construction of our roads, railways, bridges, ports, airports, hospitals and school.

CCAA's members service local, regional and national building, construction and infrastructure markets. The reliable and cost-effective supply to these markets is fundamental to sustainable growth and it is CCAA's aim to promote policies that recognise the importance of these materials to Western Australia's sustainable future.

Importance of intergenerational access to heavy construction materials

Intergenerational access to basic raw materials (BRM) such as sand, limestone and hard rock is a key factor in enabling the delivery of affordable infrastructure, housing, roads, schools and hospitals into the future and is an increasingly significant challenge in Western Australia.

Increasing demand

Every Australian needs **8 tonnes of heavy construction materials per person per year** to support the building of infrastructure to service their needs. As Western Australia's population continues to rapidly grow, demand for infrastructure and heavy construction materials will continue to increase. It is estimated as Western Australia's population increases to 2040, demand for heavy construction materials will increase by 55 per cent to more than 30 million tonnes per year.

Recycled materials only a part solution

Recycled materials such as concrete, brick, glass and reclaimed asphalt pavement (RAP) have the potential to be increasingly used in the construction sector. However, experience from other states indicates that even with suitable infrastructure and government policy settings, these alternative materials will only be able to meet 10 - 20 per cent of the full demand profile for BRM. Hence the ongoing and affordable access to BRM materials such as sand, limestone and hard rock is a genuine intergenerational issue.

An operating circular economy that increases the reuse and recycling of materials should still be encouraged by removing market constraints through expediting material specifications and regulation support. Emerging alternative waste derived materials such as bottom ash from waste to energy plants and alumino silicate from lithium production have significant potential in WA but additional work is needed to overcome the regulatory and environmental barriers to commercialisation.

CCAA **recommends** that Government grants are available to offset the initial cost and investment hurdle of conducting R&D and establishing demonstration plants for waste derived materials.

Cost effective supply chain - quarries

With heavy construction materials averaging 32 per cent of project costs¹, the delivery of affordable infrastructure is dependent on a sustainable and affordable supply of heavy construction materials. However, there are hurdles to productivity within this sector.

Across Perth, the demand for heavy construction materials is expected to grow in line with population growth, the increasing demand for new housing, the need to build new roads and maintain the existing network, and the construction of new infrastructure and building development projects.

Unfortunately, the Western Australian sector is facing a number of hurdles which will limit the heavy construction materials industry's capacity to meet this demand in a cost effective and timely manner.

The sector has a heavy regulatory burden, especially in the approvals processes for new developments or extension to existing operations. In addition, a lack of appropriate **planning protection for strategic sites** and **rising transport costs** due to the increasing distance between the quarry and the market are limiting the ability of the sector to maintain its productivity levels.

In particular, there are a number of issues impacting upon the industry's ability to operate effectively and efficiently in the long term. These include:

- There has been insufficient regard for quarries as an important land use within planning frameworks. *State Planning Policy 2.4 Basic Raw Materials* does not provide sufficient planning teeth to allow development of identified strategic resources. This has led to increased distance of resource to market, and therefore the costs, for heavy construction materials as quarries in the Greater Perth area come to the end of their operational lives with replacement quarries established further from central Perth markets.

¹ The Impact of Heavy Construction Materials Prices on Infrastructure Costs in Victoria, Macromonitor, June 2013

- The lack of appropriate planning protection has seen the approval of land uses which are incompatible with quarrying activities, such as urban development, being approved in areas where quarrying could occur, sterilising potentially valuable resources.
- The need for a long-term land use planning model that incorporates and balances the requirements for both future quarrying activities and urban development.
- The suspension of the Strategic Assessment of Perth Peel Region (SAPPR) process by Government. This process identified strategic BRM resources in 2016 to meet predicted future needs of a population of 3.5 million by 2050. The just released Infrastructure WA draft state strategy assumes a population of 4.3 million by 2043. Such an increase in population would result in an expected increase in demand for BRM beyond that accounted for in the SAPPR process. No allowance or consideration for BRM requirements for future generations beyond this population of 3.5 million has been considered.
- In particular there is no allowance for any significant expansion of hard rock quarries beyond what is currently approved with no provision for any new hard rock quarries. With the uncertain and likely limited future of limestone availability, this places greater pressure on the supply of hard rock as a future replacement for limestone.

Resource mapping update

To ensure that strategic BRM resources are available to ensure intergenerational access, an ongoing program of resource mapping by Government is required. The Geological Survey of WA last conducted this process in 2016 as part of the SAPPR process.

CCAA **recommends** BRM resource mapping is updated to reflect the changing land use patterns, changing environmental restrictions and increasing population forecasts to reduce the risk of encroachment of sensitive land uses such as housing on state strategic resources. Note that the Victorian Government recognise the importance of this issue and has just introduced [Strategic Extractive Resource Areas](#) into the planning system.

Western Australia's economy needs to be internationally competitive to continue to attract capital to invest into the state to ensure a sustainable and competitive heavy construction materials industry. This in turn facilitates Western Australia's productivity, housing affordability and lower infrastructure costs.

There is no more important time than now for the construction sector, supported by an efficient, well-resourced heavy construction materials supply chain, to provide the engine to build Western Australia's post COVID economy and create jobs.

Yours sincerely



ROGER BUCKLEY





State Director Western Australia

APPENDIX 1

CEMENT CONCRETE & AGGREGATES AUSTRALIA

MEMBERSHIP

FOUNDATION MEMBERS

 ADBRI Adbri Limited	 Boral Australia	 Cement Australia Pty Ltd
 HEIDELBERGCEMENTGroup Hanson Australia Pty Ltd	 Holcim (Australia) Pty Ltd	

WESTERN AUSTRALIA

ORDINARY MEMBERS

Flyash Australia Pty Ltd Fulton Hogan Industries Lime Industries Pty Ltd	Pilatti Bros Transport Ransberg Pty Ltd T/a WA Premix and WA Bluemetal Urban Resources Pty Ltd	
--	---	--

ASSOCIATE MEMBERS

Concrete Colour Systems Concrete Waterproofing Manufacturing Pty Ltd T/a Xypex Australia	GCP Applied Technologies Sika Australia Pty Ltd Westrac	
---	---	--