

21 October 2024

The Hon Chris Minns MP  
Premier  
GPO Box 5341  
SYDNEY NSW 2001

Cc: The Hon. Daniel Mookhey MLC, Treasurer  
The Hon. Paul Scully MP, Minister for Planning and Public Spaces  
The Hon. Steve Kamper MP, Minister for Lands and Property  
The Hon. Jo Haylen MP, Minister for Transport

### **Urgent Need to Safeguard Sydney's Industrial Lands**

Dear Premier

We refer to the NSW Productivity Commission *Review of housing supply challenges and policy options for New South Wales* Report of August 2024 and wish to raise our concern in particular with Recommendation 1.6, which recommends applying a 'review and manage' approach to all urban industrial land, allowing it to potentially be rezoned for other uses.

#### **Industry Background**

Cement Concrete and Aggregates Australia (CCAA) is the voice of the heavy construction materials industry in Australia. Our members operate cement manufacturing and distribution facilities, concrete batching plants, hard rock quarries and sand and gravel extraction operations throughout the nation.

CCAA membership produce the majority of Australia's cement, concrete and aggregates, and ranges from large global companies to SMEs and family operated businesses. It generates approximately \$15 billion in annual revenues and employs approximately 30,000 Australians directly and a further 80,000 indirectly.

Cement, concrete, stone and sand are the critical materials that enables the \$56 Billion New South Wales construction industry, employing 370,000 workers and contributing 45% of the New South Wales taxation revenue base.

The Heavy Construction Materials Industry is vital to the nation's building and construction industries and underpins the development of Australia's and New South Wales' physical infrastructure. For this reason, CCAA has called for the development of a Heavy Construction Materials Plan<sup>1</sup>.

Some 200 million tonnes of aggregates are used in the construction of homes, workplaces, public buildings and roads every year, whilst some 29 million cubic metres of pre-mixed concrete is produced from more than 1500 concrete batching plants to build Australia each year.

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<sup>1</sup> [Case for a Heavy Construction Materials Supply Plan](#)

## Importance of Industrial Land Access

The industry supports land access and planning regimes that are certain and streamlined and ensure the efficient delivery of strategic resources, whilst acknowledging the need to balance the amenity of local communities, the supply of land for housing purposes and the environment.

However, it is important that operations such as batching sites and concrete manufacturing and distribution facilities are located at places close to their market. Concrete in particular is a perishable product with a relatively short shelf life, and transportation is a significant cost of operations, hence the cost of housing to purchasers.

Plant closures and the inability for the industry to have proximity to market could be particularly detrimental to the construction materials supply chain and construction costs. When factoring in the additional turnaround time required for transporting from greater distances, the overall capacity of output would significantly reduce. This would not only add to the cost but also substantially increase the time required for housing construction. Sydney is already struggling to meet its housing targets, and any delays or increased costs will further exacerbate this issue.

With as little as 8% of Sydney's land zoned as industrial, it is important that there is surety that lands are available near the places where building will take place to provide the construction industry with the products that will be used to build the Sydney of the 21st century, in a way that ensures housing costs are minimised. Protecting existing industrial land that is located close to market is key to maintaining and increasing job opportunities and decreasing transportation distances, emissions and congestion.

## PC Review of housing supply challenges and policy options for New South Wales

We note the Productivity Commission *Review* Recommendation 1.6, which recommends applying a 'review and manage' approach to all urban industrial land.

The adoption of this recommendation would replace the 'retain and manage' policy, which as recently as 2022 was found to be successful in providing certainty and a clear market signal for councils and landowners to invest in industrial developments. The consequence of reducing industrial land supply in Sydney is higher construction costs, transport congestion and emissions.

CCAA notes and supports the intent of the **Greater Sydney Region Plan: A Metropolis of Three Cities (GSRP)**<sup>2</sup> *Objective 23 - Industrial and urban services land is planned, retained and managed*, with regards to lands covered by the Retain and Manage policy which states:

***Retain and manage:*** All existing industrial and urban services land should be safeguarded from competing pressures, especially residential and mixed-use zones. This approach retains this land for economic activities required for Greater Sydney's operation, such as urban services.

*Specifically these industrial lands are required for economic and employment purposes. Therefore the number of jobs should not be the primary objective – rather a mix of economic outcomes that support the city and population.*

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<sup>2</sup>[Greater Sydney Region Plan](#) – Objective 23 – Page 133 – Productivity

*The management of these lands should accommodate evolving business practices and changes in needs for urban services from the surrounding community and businesses. There will be a need, from time to time, to review the list of appropriate activities within any precinct in consideration of evolving business practices and how they can be supported through permitted uses in local environmental plans.*

*Any review should take into consideration findings of industrial, commercial and centre strategies for the local government area and/or the district. The retain and manage approach applies across the Eastern Harbour City, the North West Growth Area and industrial land in the established urban areas of the Western Parkland City, including the existing Western Sydney Employment Area.*

Increasingly, we are seeing areas rezoned allowing new developments with greater density being constructed adjacent to critical concrete batching plant facilities, particularly within the **City of Sydney** and other Inner Sydney Local Government Areas (LGAs).

While we are understanding and appreciative of density or zoning targets that are placed upon Local Governments by the Department of Planning, Industry and Environment, far too often we are seeing encroachment on these critical facilities with the false presumption that the batching plant would be removed or relocated at a future date and time.

Concerns have also been raised from within our industry that DPIE's recent Employment Zones Reform<sup>3</sup> consultation may inadvertently have the effect of encouraging development, which is not compatible with concrete batching plants, in the only zoning available for this purpose, thus placing further pressure on existing plants while also making it difficult to obtain future approvals.

Outside of the inner city, the future **Western Sydney Aerotropolis** which will drive significant growth for infrastructure requirements for road, rail, commercial and residential development over the next two decades in Sydney's South West, also requires a large number of new batching plants to be located nearby. Careful planning and clever use of industrial land zoning is vital to delivering this outcome.

Equally important are the supporting infrastructures, such as ports, rail access, depots and plants, which are also fundamental to the success of our sector. A facility such as the **Clyde Intermodal Terminal** in Western Sydney is a key piece of infrastructure that enables enhanced use of rail for the transportation and transfer of construction materials.

Such an operation assists to reduce many hundreds of daily truck movements and helps to not only reduce emissions, but also with congestion on local and arterial roads.

Port facilities also offer an effective option for transporting bulk construction materials. In our recent submission on the Bays West Strategy Precinct, which encompasses the Glebe Island port and batching plant, CCAA emphasised the need to protect such facilities from incompatible surrounding land uses to ensure their continued operation.

The delivery of concrete is time sensitive. According to Australian Standard (AS1379), concrete must be discharged within 90 minutes of mixing to maintain strength and uniformity, ensuring proper placement and compaction.

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<sup>3</sup> [Employment Zones Reform](#)

A key factor in meeting this standard is the strategic location of batch plants in central locations within major cities like Sydney. Given Sydney's size, congestion, and the challenges of accessing local roads, it would be unfeasible to transport concrete from plants located only on the city's outskirts.

Furthermore, Transport for NSW (TfNSW) has introduced stricter requirements for the delivery of certain concrete mixes, requiring a 60-minute delivery. This further necessitates the proximity of batching plants to construction sites, particularly during peak traffic times.

The impetus on the Circular Economy and other environmental pressures continues to place pressure on the location and size of batch plant operations. The greater use of recycled water and the need to hold an increasing range of supplementary cementitious materials ensures that today's plants need to be larger in size to accommodate additional materials, silos and water storage.

In summary, CCAA believes it is crucial to strengthen the existing 'retain and manage' policy to protect vital infrastructure like concrete batching plants. This will ensure that these facilities can remain close to urban development areas, supporting the construction sector's ability to meet Sydney's future growth needs without driving up costs.

Reclassifying industrial land could inadvertently push these facilities to Sydney's outskirts, reducing their capacity to serve the construction market effectively and potentially increasing housing prices. As this is not a viable solution, new batching plants would need to compete for higher-cost land in central areas, resulting in higher costs for the concrete that underpins our built environment.

Recommendation 1.6 of the NSW Productivity Commission Review will inadvertently increase the cost of building homes in Sydney, which is counter to the intent of creating more affordable homes.

**We strongly urge you to reject Recommendation 1.6 of the NSW Productivity Commission's report and maintain the 'retain and manage' policy to protect Sydney's industrial lands for the benefit of the state's future growth.**

We would welcome the opportunity to meet with you to discuss this important issue and ensure that these critical pieces of economic infrastructure for NSW can survive for decades to come.

I invite you to contact me on 0418 627 995 or [michael.kilgariff@ccaa.com.au](mailto:michael.kilgariff@ccaa.com.au) should you require any further information.

Yours sincerely

MICHAEL KILGARIFF  
Chief Executive Officer