

A focus on the supply chain

Roads & Traffic Expo
Michael Kilgariff, CCAA CEO



OCTOBER 2024



About CCAA

Cement Concrete & Aggregates Australia is the voice of the heavy construction materials industry in Australia.

CCA membership supply around 90% Australia's cement, concrete & aggregates used to build infrastructure.

The industry generates approximately \$15 Billion in annual revenues and employs approximately 30,000 Australians directly and a further 80,000 indirectly.



Foundation Members



Members





Associate Members





Strategic Summary

OUR ROLE

- Influencing the political, regulatory and market environment to ensure growth of the industry
- Supporting the industry's licence to operate
- Leading the understanding of our industry and its vital role in society

STRATEGIC PRIORITIES

- Advocacy & Reputation
- Resource Access, Security & Efficient Logistics
- Sustainability & Decarbonisation



Summary

The Australian Cement and Concrete Sector – Key Facts

5 Integrated cement plants in Australia which produce clinker and cement as a continuous process.

60% of the cement manufactured in Australia is produced in integrated manufacturing plants

40% of cement involves the use of clinker which is imported and manufactured into cement at grinding facilities located around Australia's coastline

30 million m³ ready-mixed concrete produced annually in more than 1,500 batching plants across Australia

40% of all concrete is used for infrastructure projects

30% of all concrete is used for commercial and non-residential buildings

30% of all concrete is used for housing

80,000 people are indirectly employed in the whole cement, concrete and aggregate sector, compared to 30,000 who are directly employed

A\$15 billion revenue is generated by the cement and concrete sector

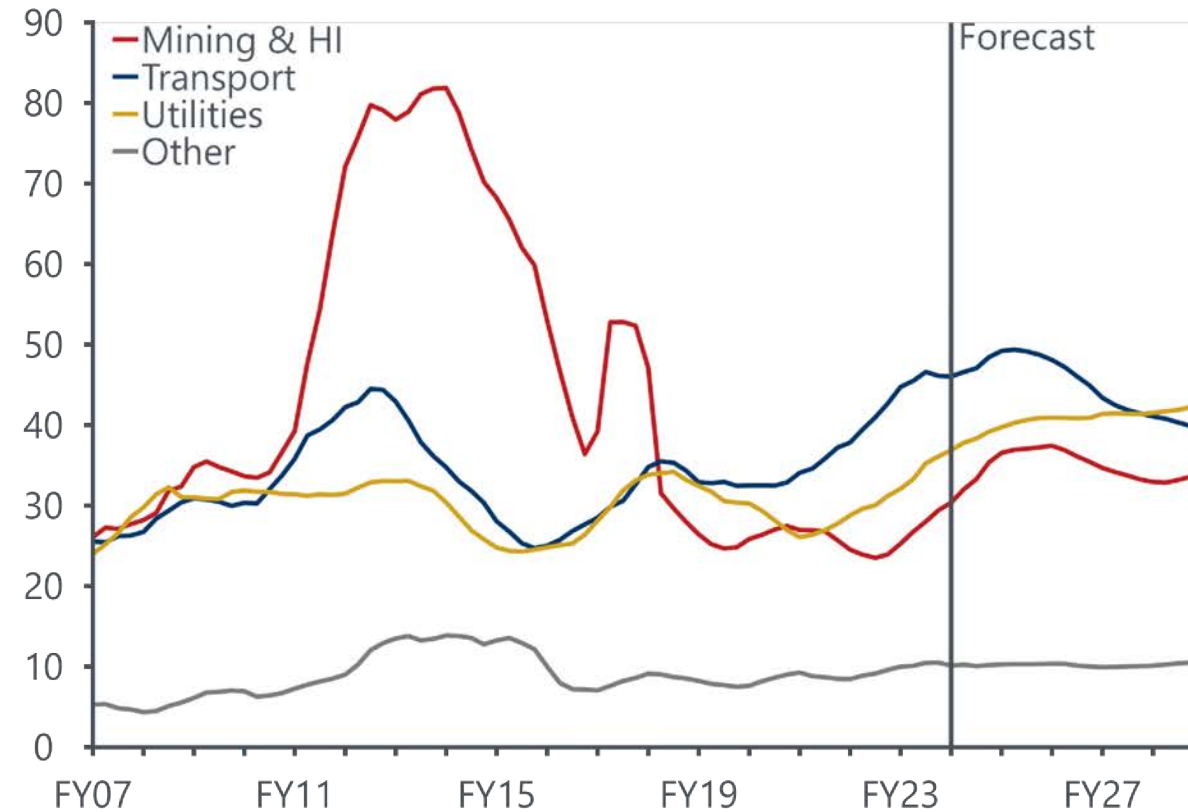


Current Pipeline

Oxford Economics

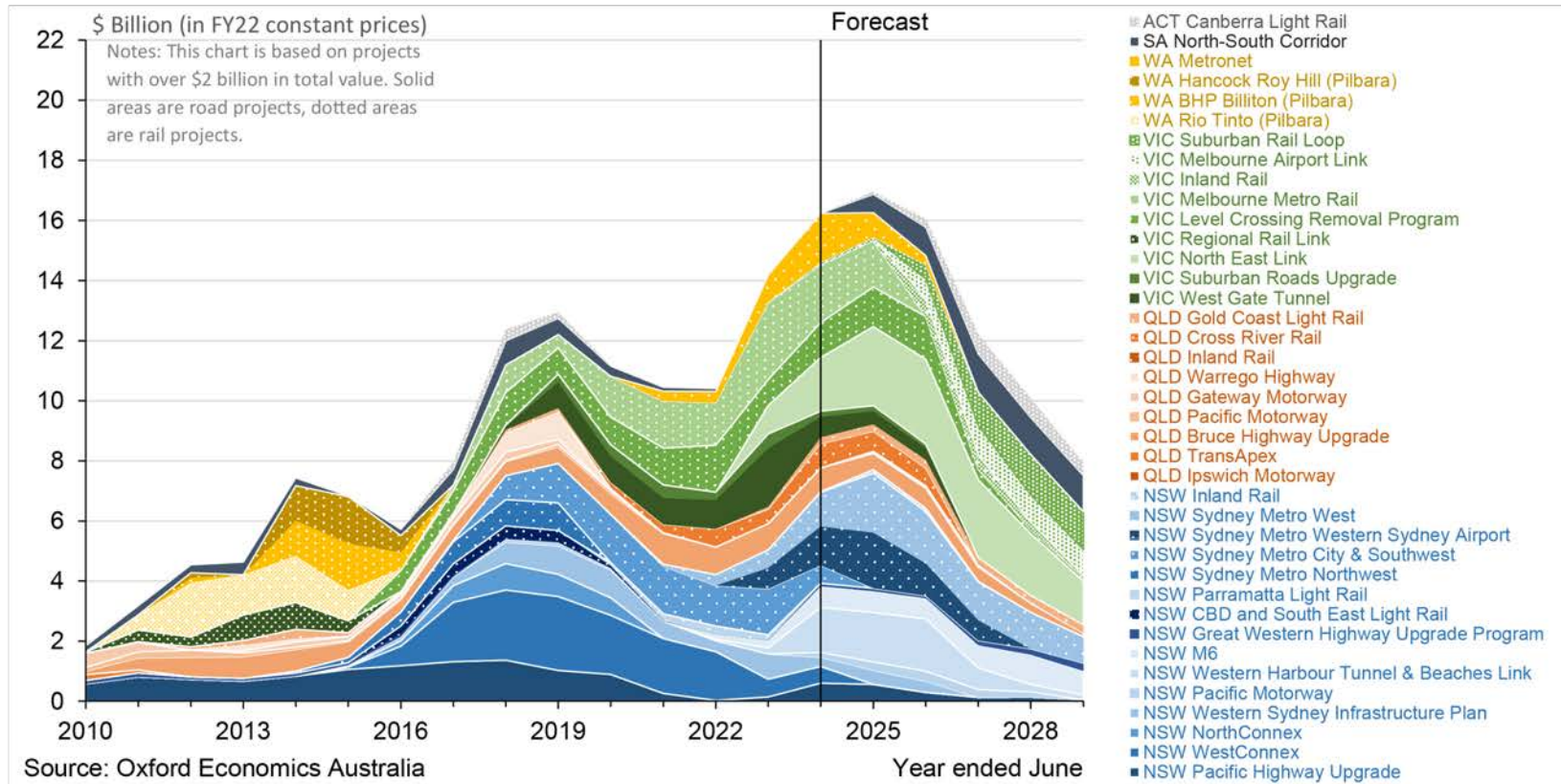
Engineering Construction Work Done, AUS

A\$ Billion (constant prices)

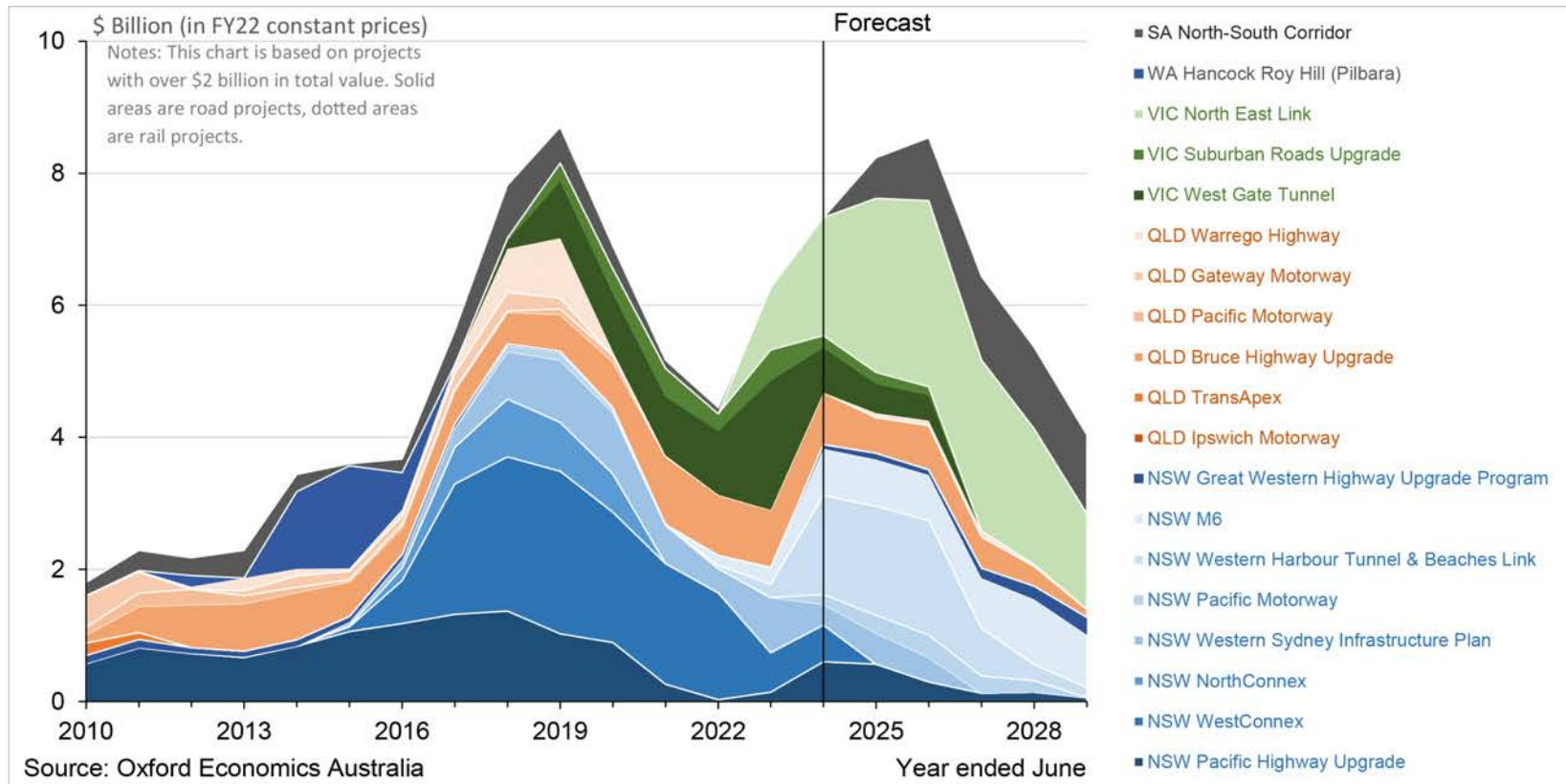


Source: ABS, Oxford Economics Australia

Major Transport Projects (over \$2 billion)

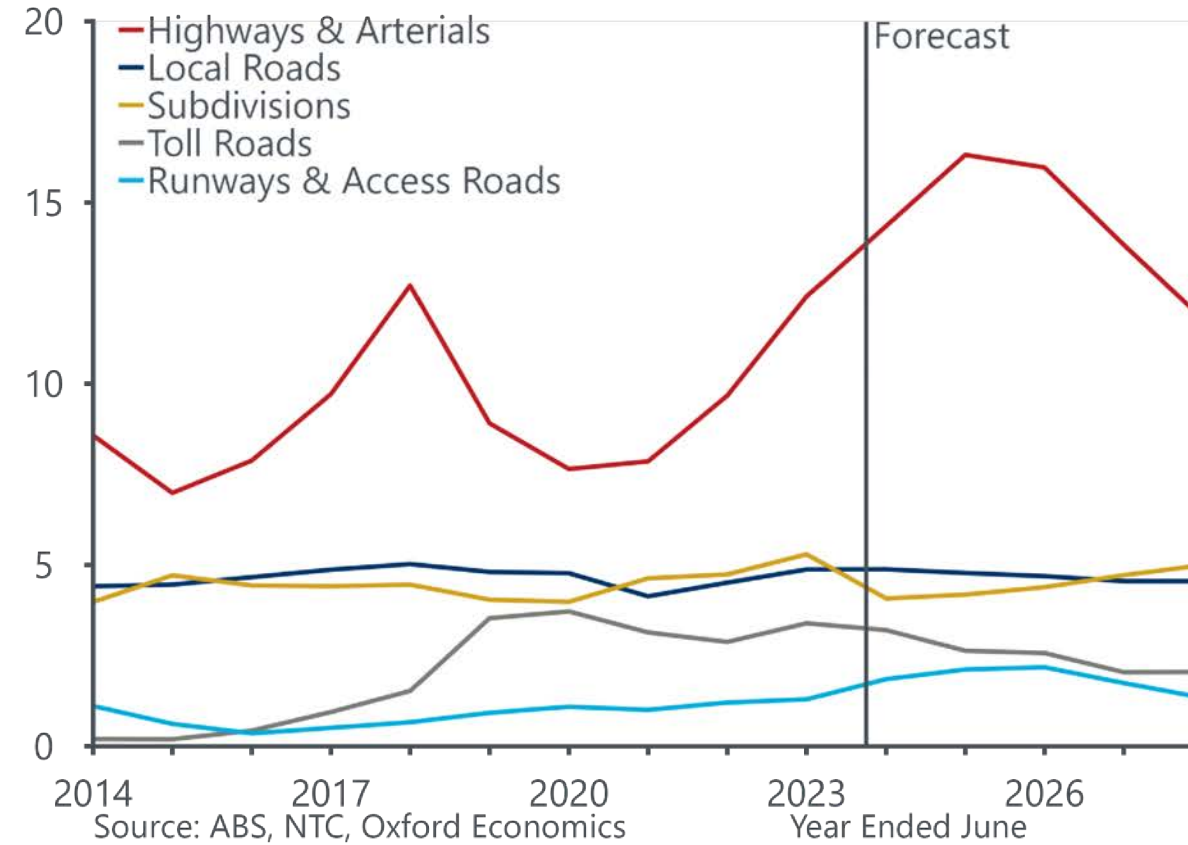


Major Road Projects (over \$2 billion)



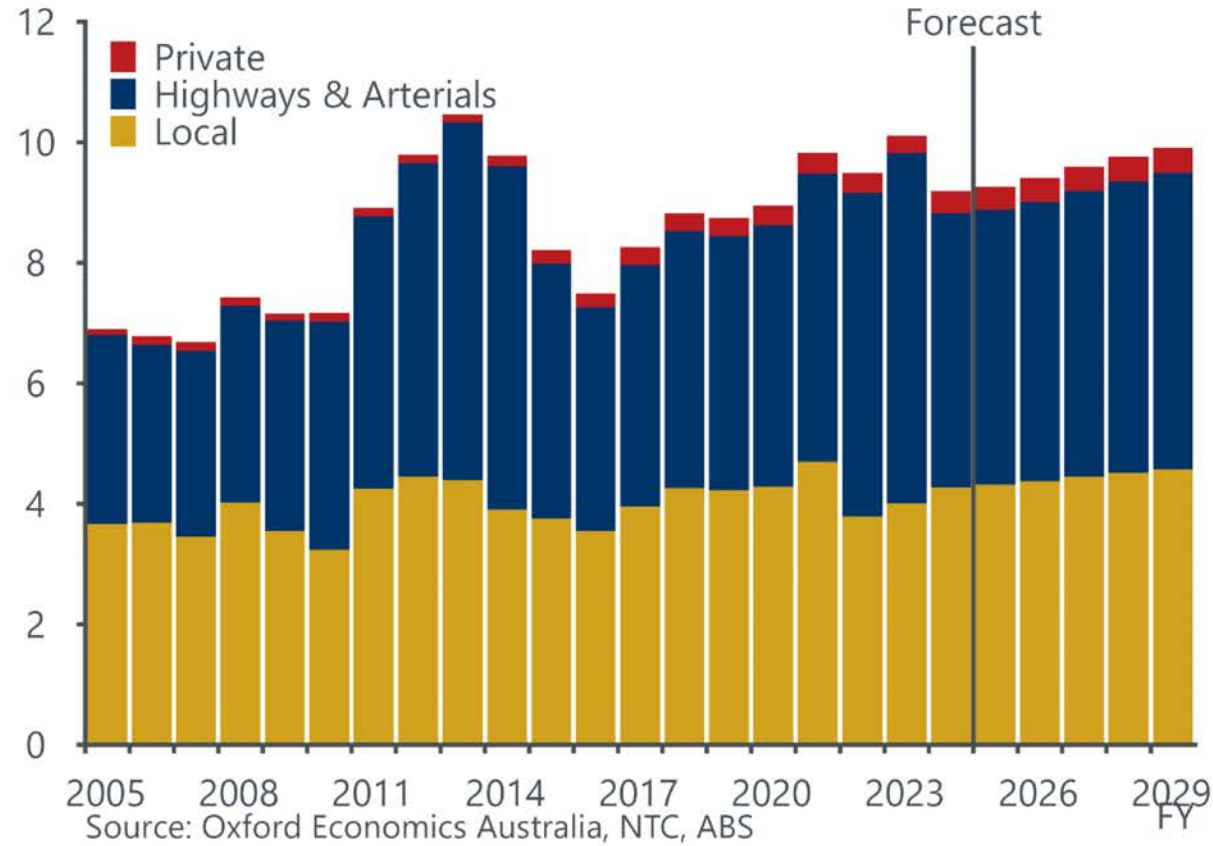
Road Construction by Category: Australia

\$bn (constant prices)



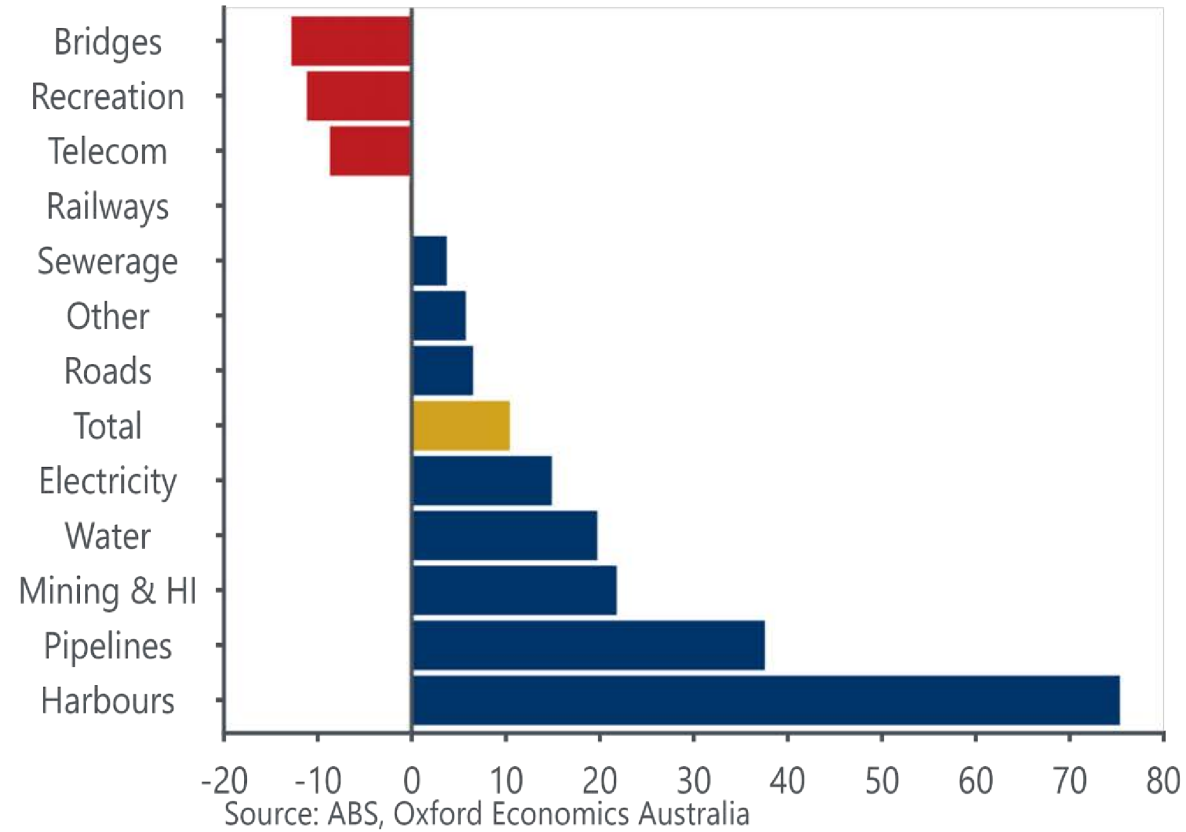
Total Road Maintenance

\$bn, constant prices

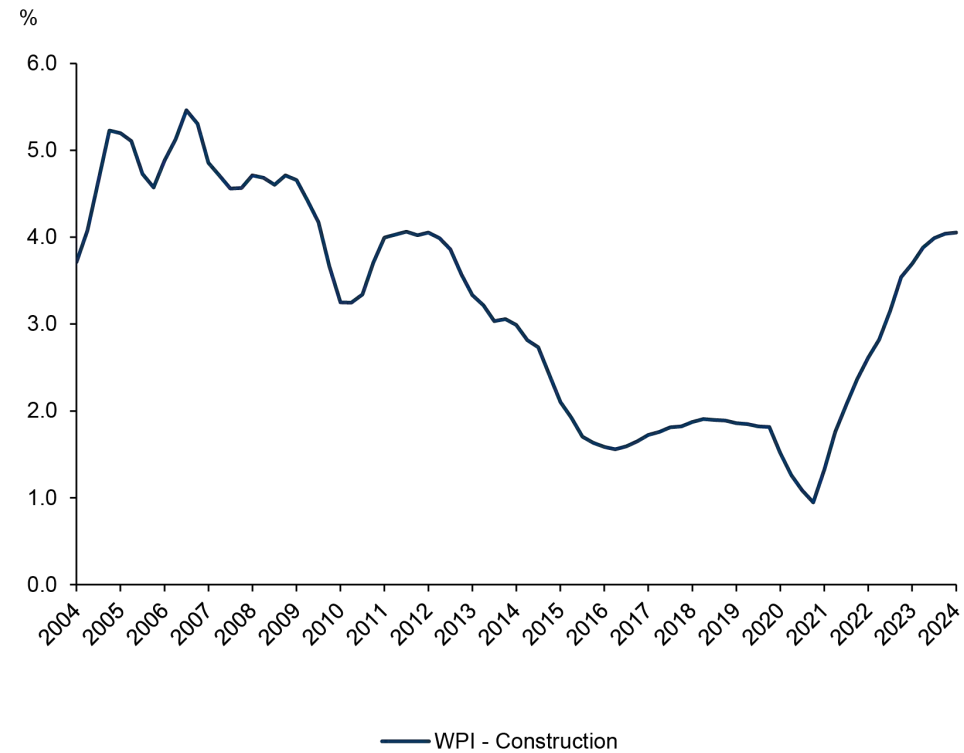


Sectoral Winners & Losers: 2 Years

Average over next two years, % change from FY24 level



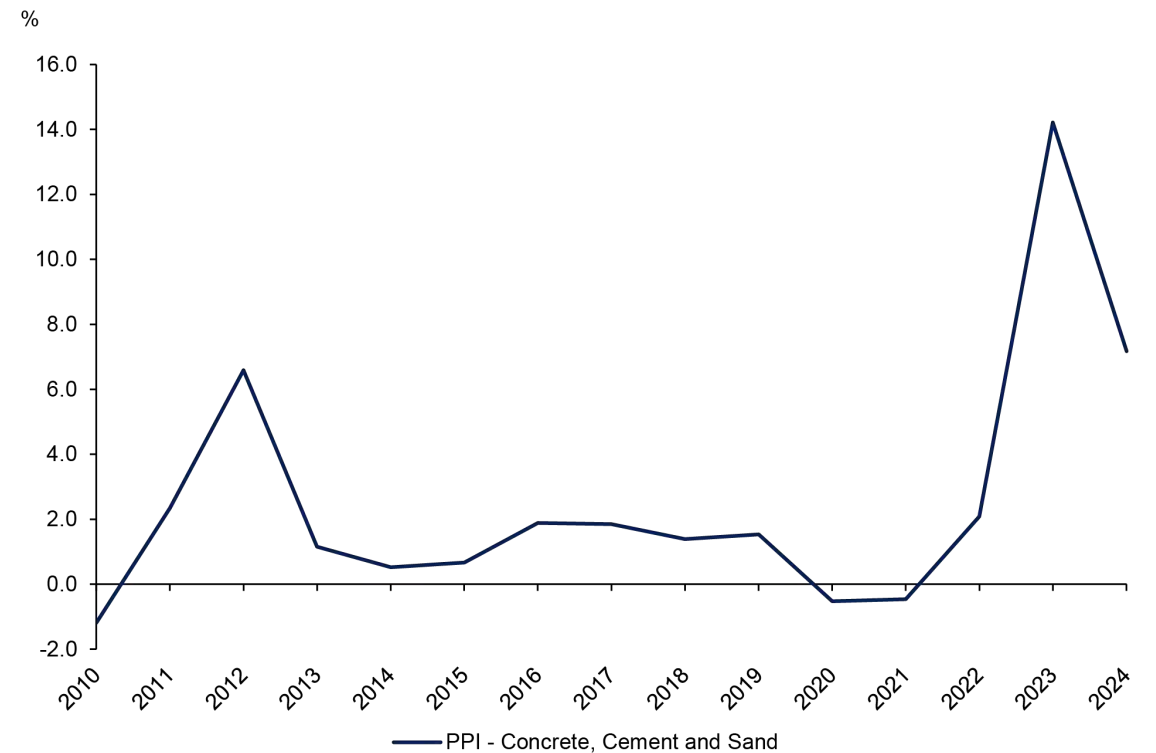
Construction Wage Price Index



Source: Oxford Economics Australia, ABS

Year ended June

Concrete, Cement and Sand Producer Price Index



Source: Oxford Economics Australia, ABS

Year ended June

Extractives are critical to affordability...



EVERY AUSTRALIAN needs **8 TONNES** per year of stone, sand, gravel and cement to build the roads, houses and other infrastructure



HIGH RISE BUILDINGS use up to **1,000 TONNES** of aggregate per floor



HIGHWAYS use **14,000 TONNES** of aggregate per km



AVERAGE NEW HOME uses **110 TONNES** of aggregate and over **50m³** of concrete.



CAPABLE LOCAL SUPPLY CHAIN
Local industry, supporting local jobs on local projects in their local communities.

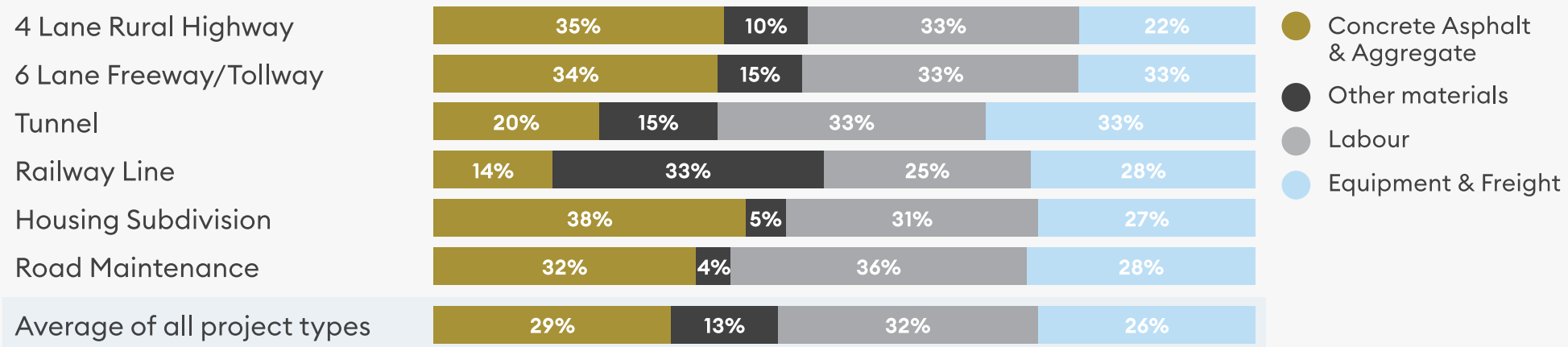


HEAVY CONSTRUCTION MATERIALS average **29% OF PROJECT COST**



Extractives are critical to affordability...

ESTIMATED PROPORTIONS OF TOTAL PROJECT COSTS BY TYPE OF PROJECT



Source: Macromonitors (2022)

Percentage of total costs

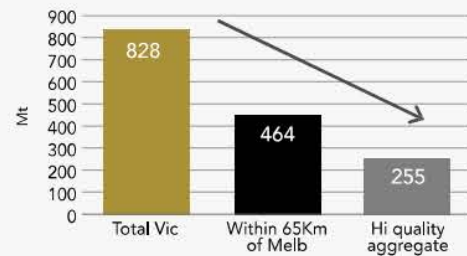
Supply imbalance risk

01

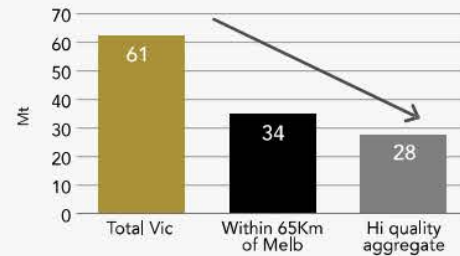
DECREASING SUPPLY

Hard rock and sand reserves that are accessible to market today without additional approvals.

HARD ROCK



SAND



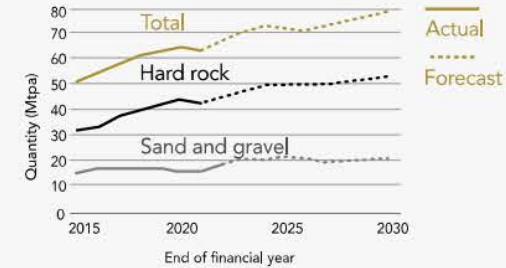
The latest **Government Extractive Resources Pulse Check** indicates that taking into account economic and technical factors, there is only limited sand and hard rock reserves close to market.

Government's preliminary demand forecasts for hard rock and sand resources indicate an average annual growth of 3% from 2021-2030, much faster than the average growth in the previous decade.

This is driven by the Government's planned infrastructure works including Victoria's Big Build and strong ongoing residential and commercial construction.

02

INCREASING DEMAND



Commonwealth Infrastructure Policy Statement

- Commonwealth Infrastructure Policy Statement – 14 November 2023. Defines nationally significant transport infrastructure
- Sets out three strategic themes:
 - Productivity and Resilience
 - Liveability
 - Sustainability

Productivity and Supply Chain Resilience

- CCAA has been calling for the development of Heavy Construction Materials Plan
- Access to resources and location of quarries and plants imperative

Infrastructure Australia 2023 Market Capacity Report

- “demand for **building materials, skills, and labour** is at a historic high”
- “increasingly difficult to source **key building materials and workers**”
- “limited access to local steel and cement, as well as **localised shortages of quarry products** is contributing to price uncertainty in the supply chain, leading to delays and cost overruns”
- “**acute quarry shortages** loom in Melbourne, NSW’s Mid North Coast and South East Queensland”

CCA CEMENT CONCRETE & AGGREGATES AUSTRALIA

The case for developing a

South Australian Heavy Construction Materials Plan

September 2024

Cement Concrete & Aggregates Australia is the voice of the heavy construction materials industry. CCAA members produce the majority of Australia's cement, concrete, and aggregates, which are crucial to Australia's building and construction sectors. These materials support the development of our housing, defence, and social infrastructure. The industry generates approximately \$15 Billion in annual revenues and employs approximately 30,000 Australians directly and a further 80,000 indirectly.

CCA CEMENT CONCRETE & AGGREGATES AUSTRALIA

The case for developing a

NSW Heavy Construction Materials Plan

Cement Concrete & Aggregates Australia (CCAA) is the peak industry body for cement manufacturers, concrete suppliers, and extractive operators in New South Wales and throughout Australia. CCAA members produce the majority of Australia's cement, concrete, and aggregates, which are crucial to Australia's and NSW's building and construction sectors. These materials support the development of transport, energy, water, housing, defence, and social infrastructure. The industry generates approximately \$15 Billion in annual revenues and employs approximately 30,000 Australians directly and a further 80,000 indirectly.

CCA CEMENT CONCRETE & AGGREGATES AUSTRALIA

2025 Western Australia Election Policy Priorities

Delivering the sustainable supply of Heavy Construction Materials

October 2024

CCA CEMENT CONCRETE & AGGREGATES AUSTRALIA

2024 Queensland Election Policy Priorities

Delivering the sustainable supply of Heavy Construction Materials

August 2024

Victorian Quarry Approvals Coordinator



CASE STUDY

Case study: Victorian Government Quarry Approvals Coordinator (QAC)^{10,11}



A successful pilot that delivered immediate results

In 2022, a Victorian Government study on quarry material demand and supply indicated the construction industries were facing pressure from unprecedented supply chain challenges .

The Quarry Approvals Coordinator pilot program was launched to directly respond to these challenges. It was tasked to engage with the quarry industry to secure the supply of quarry-based construction materials.

The Quarry Approvals Coordinator was a dedicated resource within the Victorian Government for industry, to make regulatory pathways and processes more accessible. The Quarry Approvals Coordinator case managed opportunities within its scope to ensure applications met the necessary requirements, and applications were prepared and submitted without unnecessary delay.

Short term interventions

The primary goal of the QAC was to unlock, in the short term, additional supplies of hard rock and sand resources for development across Victoria. To do so, it worked with quarry operators to identify opportunities to expand existing operations via a change process known as an administrative update.

Alongside its core functions, the QAC also played a critical role in developing the government’s emergency flood response for quarry materials, including facilitating Victorian planning provision amendment VC228. This amendment will enable quarries supplying materials for road construction and maintenance apply for a temporary extension of operating hours to assist in the state’s flood recovery efforts. In the first instance, this material will assist deliver the government’s \$165 million road repair blitz.

Pilot outcomes

During its eight-month pilot phase, the Quarry Approvals Coordinator helped targeted quarries unlock more than 40 million tonnes of additional resources, including sand for concrete production and hard rock for road construction and maintenance. This additional resource would have otherwise not been realised.

Medium term solutions

Following the success of the Quarry Approvals Coordinator, a further two years of funding was provided under the 2023-2024 Victorian State Budget to establish Resources Victoria Approvals Coordination. The funded initiative continues the work of the Quarry Approvals Coordinator with an expanded remit, including minerals development projects.

A Heavy Construction Materials Plan should

- Commit to regular demand: supply data collection and analysis
- Deliver stronger planning protection for strategic extractive resources
- Protect key concrete batch plants and quarries from encroachment
- Enable a streamlined environmental and development approval process

A Heavy Construction Materials Plan should

- Encourage public procurement practices that reflect government policies on reducing emissions
- Support the introduction of lower carbon cement standards
- Facilitate the circular economy by fast tracking the introduction of a Recovered Materials Framework
- Recognise there is a joint responsibility between industry and government to enhance the Social Licence to Operate



Sustainability

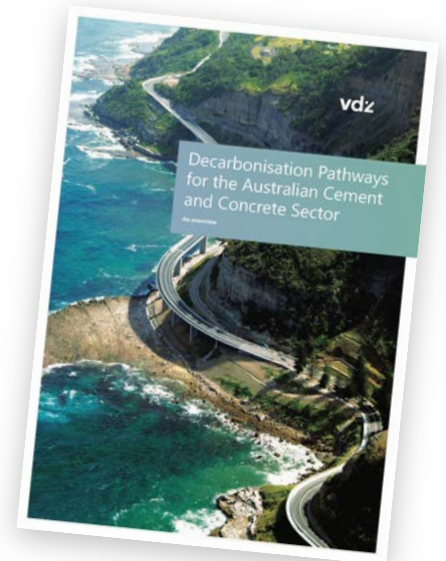
- Reduce transport and infrastructure emissions
 - CCAA submission on Infrastructure and Transport Roadmap to Net Zero
- Use of recycled materials
 - Productivity Commission Enquiry into Opportunities in the circular economy

Net Zero

In 2021, the Cement and Concrete industry declared its ambition to deliver net zero carbon cement and concrete to Australian society by 2050.

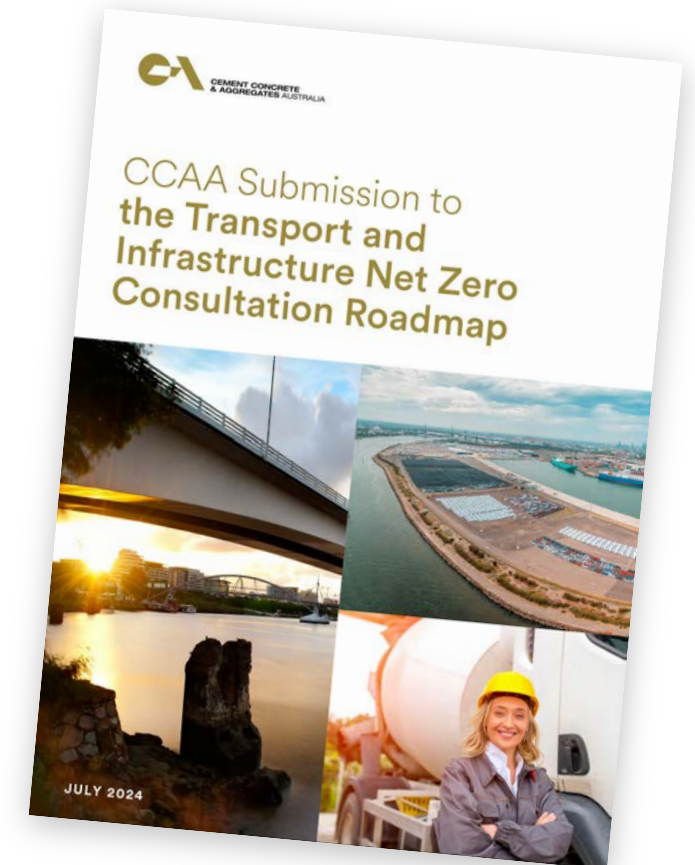
Decarbonisation Pathways for the Australian Cement and Concrete Sector (2021) has enabled a better understanding of the technologies and practices necessary to decarbonise Australian cement and concrete.

Eight Decarbonisation Pathways were identified.



CCAA's submission on the Transport and Infrastructure Net Zero Consultation Roadmap

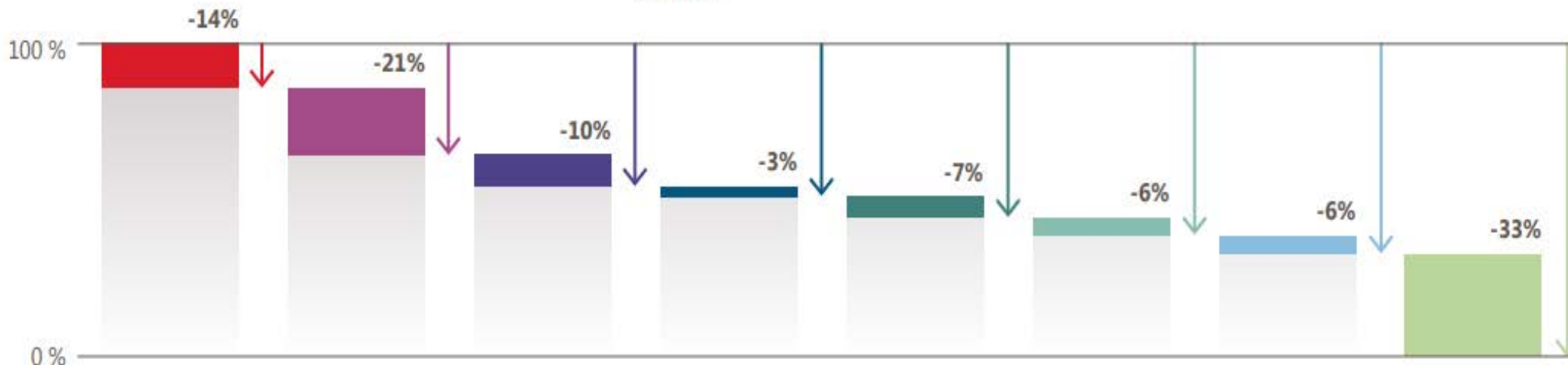
- Whole-of-Life Carbon Approach
- Revised Standards
- Adopting Global Practices
- Material Efficiency
- Supplementary Cementitious Materials
- Supporting EPDs
- Training and Information
- Support for zero-emission vehicles (ZEVs) in the concrete supply chain, incentivise industry adoption of ZEVs, and upgrade road infrastructure to accommodate these vehicles.



Decarbonisation Pathways for the Australian Cement and Concrete Sector Report (2021)



EIGHT DECARBONISATION PATHWAYS HAVE BEEN IDENTIFIED



Productivity Commission Inquiry into Opportunities in the Circular Economy

CCAA MAKES THE FOLLOWING RECOMMENDATIONS:

1. Develop Environmental Incentives
2. Review Regulatory Barriers for Concrete
3. Update Building Standards and Approval Processes
4. Encourage Changes to Cement Standards
5. Fit for Purpose State Transport Specifications
6. Adopt a Whole-of-Government Approach
7. Performance-Based Specifications for Construction
8. Financial Incentives and Public Procurement Policies
9. Promote Industry Partnerships for Innovation
10. Improve Access to Information on Circular Materials
11. Fund Supply Chain Training
12. Enable national adoption of beneficial Circular Economy initiatives



Federation Funding Agreement on Land Transport Infrastructure Projects

IMPLEMENTS THE INFRASTRUCTURE POLICY STATEMENT

- Revitalised Infrastructure Australia
- Funding for nationally significant land transport infrastructure projects on a 50:50 basis
- Missed opportunity to focus on the supply chain

Thank You!

For more information go to [cca.com](https://www.ccaa.com)