



**CEMENT CONCRETE
& AGGREGATES AUSTRALIA**

CEMENT, CONCRETE, STONE & SAND

The Lifeblood of Building Victoria



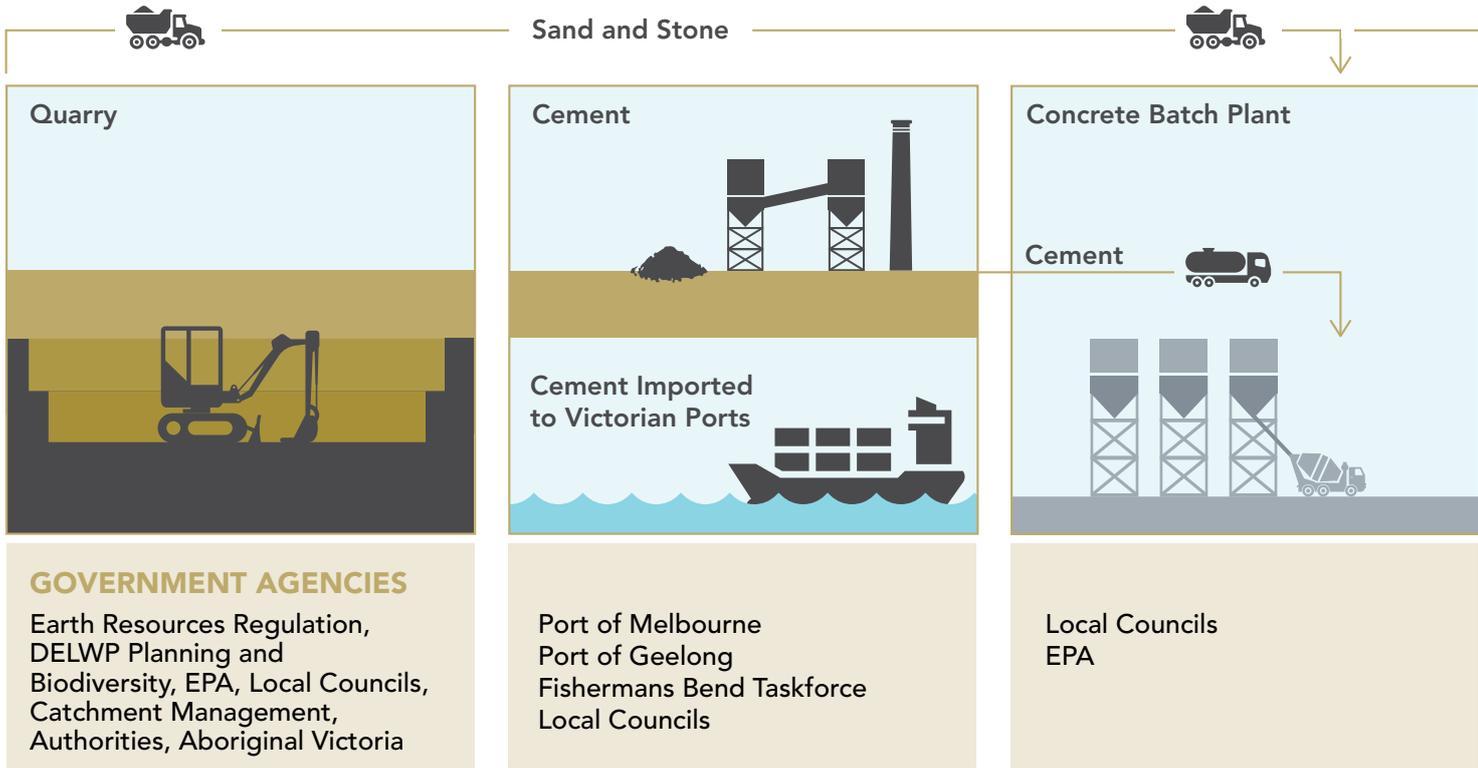
HEAVY CONSTRUCTION MATERIALS SUPPLY CHAIN

Victoria is recognised as a powerhouse of the Australian economy. With the fastest growing population, it's driving unprecedented demand for affordable infrastructure and job creation. To ensure every infrastructure dollar counts, the supply chain of critical construction materials (cement, concrete, stone and sand) must be efficient and responsive to demand. Currently, supply is not matching demand due to significant regulatory constraints and red-tape.

As a major procurer of infrastructure; the Victorian Government has an essential role to lead reforms to unblock the supply chain and deliver affordable infrastructure.

The urgent government led reforms required across the supply chain are identified below.

EFFICIENT SUPPLY CHAIN → DELIVERS



- ### INDUSTRY ISSUES
- ⊗ Complex approvals process
Multiple sets of regulations & Government agencies
 - ⊗ Resource security with threat of encroachment from urban development

- ⊗ Fishermans Bend Urban renewal project
Potential to threaten the cement supply chain

- ⊗ Concrete Plant security with threat of encroachment from urban development

- ### WHAT NEEDS TO CHANGE
- ✓ **Streamline approvals for quarries to unlock supply**
Real reform of the Earth Resources Regulator to reduce approval time and costs
Reduce initial costs of native vegetation offsets by staged payments
 - ✓ **Implement the Strategic Extractive Resource Areas**
15 identified priority local government areas
Secure strategic quarry resources to meet the increasing demand for materials from key growth areas into the future

- ✓ **Facilitate an efficient cement supply chain**
Provide planning certainty at Fishermans Bend for the cement supply chain from port to plant, including the Melbourne Cement Facility

- ✓ **Facilitate an efficient concrete supply chain**
Provide planning certainty for strategic concrete batch plants that supply major projects
- ✓ **Permit key quarries to efficiently supply material for major projects**
- ✓ **Enable the simple co-location of concrete batch plants and C&D waste recycling plants with quarries**

→ AFFORDABLE INFRASTRUCTURE



Concrete



90 minute delivery time

Transport for Victoria
DEDJTR

⊗ Traffic congestion reducing transport productivity

✔ **Implement effective transport planning to reduce congestion**
Enable the efficient delivery of concrete, sand and stone to major infrastructure projects such as the Metro Tunnel and the West Gate Tunnel

Infrastructure



24/7 construction demand

Department of Treasury & Finance
Coordinator General / DEDJTR

⊗ Capacity constraints
⊗ Skilled workforce

✔ **Long term Strategic Infrastructure Planning**
Minimise boom / bust cycle
✔ **Across Government Coordination**

The Lifeblood of Building Victoria

UNPRECEDENTED DEMAND

Victoria has the highest population growth at **2.3%** 

Every Victorian requires **8 TONNES** of stone, sand and gravel every year to **BUILD THE ROADS, HOUSES** and other infrastructure we need. 

High rise buildings use up to **1,000 TONNES** of aggregate per floor. 

Highways use **14,000 TONNES** of aggregate per km  Houses use **110 TONNES** of aggregate per home

\$14BN INVESTMENT IN INFRASTRUCTURE IN 2018/2019

Roads, tunnels, rail, schools, hospitals, houses, high rise buildings, apartments and factories.

SUPPLY CONSTRAINTS



QUARRY

material shortages/
delayed approvals



CONCRETE

plants
encroached



CEMENT

supply chain
threatened



TRAFFIC CONGESTION

reducing
productivity

Large cost component
HEAVY CONSTRUCTION MATERIALS
AVERAGE 32% of project costs¹

Threats to affordable infrastructure e.g. **\$1.3BN** extra for the Melbourne Metro Rail Project 

1. The Impact of Heavy Construction Materials Prices on Infrastructure Costs in Victoria, 2013 Macromonitors report prepared for CCAA.



AN EFFICIENT CONSTRUCTION MATERIALS SUPPLY CHAIN IS A CRITICAL ENABLER FOR OUR FAST GROWING STATE:

- As a thriving economy with the highest growth in GSP, every person in Victoria needs 8 tonnes per year of sand, stone and gravel to build the homes, roads, schools and hospitals we need.
- Victoria’s unprecedented population growth combined with Victoria’s infrastructure program is expected to increase concrete demand by 19% over the next 4 years. This is more than double the historic trend.
- Heavy Construction Materials represent a large proportion of total project costs (an average of 32% of total costs for infrastructure projects).¹
- Taking positive action to support a reliable and affordable supply of heavy construction materials to meet market demand is fundamental to ensure every precious infrastructure dollar counts in Victoria.

PROGRESS SO FAR

CONSEQUENCE OF INACTION

- ✓ The release of **Helping Victoria Grow: Extractive Resources Strategy** outlines the key priority areas for future action
- ✓ The Commissioner for Better Regulation’s **Getting the Ground Work Right** report provides a blue print for reform for the Earth Resources Regulator
- ✓ The Strategic Extractive Resource Area pilot aims to better define key extractive resource areas and to appropriately protect them
- ✓ Budget support of \$15 million over 2 years to implement these key projects
- ✓ A program to address key quarry planning issues outlined in a Joint Ministerial Statement

- ✗ Increased risk of supply shortages of quarry materials
- ✗ Increased cost of quarry materials
- ✗ Increased risk of budget blowouts to building Victoria
- ✗ Increased perception of sovereign risk of Victoria
- ✗ Increased loss of investment into Victoria
- ✗ Fewer jobs in Victoria

1. The Impact of Heavy Construction Materials Prices on Infrastructure Costs in Victoria, 2013 Macromonitors report prepared for CCAA.