



Submission by CSR to the House of Representatives Standing Committee on Environment and Heritage

Inquiry into Public Good Conservation - Impact of Environmental Measures Imposed on Landholders

Introduction

CSR is a major building and construction materials company with operations in Australia, America, Asia and New Zealand. In Australia, CSR is a major sugar producer and currently has substantial aluminium interests. CSR employs 17,800 people and has annual sales of over A\$6 billion.

Out of the range of CSR businesses, it is the company's construction materials business, in particular quarries, which are generally affected by public good conservation initiatives proposed by State and Federal governments.

This submission outlines where CSR's quarry activities are impacted by public good conservation measures developed by State or Commonwealth Governments and suggests key principles for such activities based on CSR's experience with these matters.

Background

The CSR Group entered the quarrying sector in 1965 and has expanded its operations through acquisition, merger of established businesses and greenfield development of new resources.

CSR provides a range of quarry materials from approximately 80 quarries across Australia. For cost competitiveness (principally through transport costs) quarry operations and quarry reserves are typically located close to the major markets of the Australian state capital cities, large regional centres and smaller country towns.

CSR typically owns the land on which a quarry is located. In some cases this extends to buffer land around a quarry. Other land options include lease arrangements with landholders for a royalty return. Given the need to be located near markets, urban encroachment is a major consideration for CSR quarries.

Issues and Impacts

CSR recognises the need for the appropriate custodianship of land and the protection of biodiversity as key sustainable development principles. There are however an ever increasing range of Government environmental initiatives designed to achieve the conservation of natural resources all of which bear a cost. Such costs typically pass to the landholder as either an opportunity cost - such as lost access to hard rock or sand resources in the case of a potential quarry - or as a direct cost in land protection such as the cost of fencing and protecting remnant vegetation.

Such opportunity costs and direct costs have a corresponding impact on the cost of materials supplied to the Australian construction sector from CSR quarries. For example CSR estimates that on average approximately 5% of the operational costs for a quarry relate to environmental protection, remediation, monitoring or related issues.

Other key impacts from public good conservation measures on CSR's quarry businesses are as follows:

- ***Access to quarry resources***
Policy initiatives to bring about conservation for public good are generally at the exclusion of development. In the construction industry access to resources close to urban centres can have a significant impact on the cost structure of the local construction industry.

State planning processes that achieve both conservation aims and at the same time protect important hard rock or sand resources over the long term are desirable but often absent.

- ***Impacts on quarry developments***
Policy initiatives for the conservation of land resources also raise expectations as to what is an acceptable risk from nearby developments. It is CSR's experience that even land of low conservation status in an area near a hard rock or sand resource can have an impact on a quarry development. This typically impacts the level of environmental assessment required to assess a development and then the terms and conditions set by a Government for the quarry (or other) development. Environmental reporting and monitoring of the development is also impacted.

It is CSR's experience that policy initiatives affecting conservation values of nearby land can affect the ability to efficiently develop adjoining land.

- ***Options for alternative land uses can diminish***
At the end of the life of a quarry there is an expectation that disturbed land will be rehabilitated usually with revegetation endemic to an area. Following rehabilitation such land generally only serves for public good conservation purposes.

While rehabilitation is an accepted part of quarry development it should not be considered the immediate land use after quarry development. Intermediate land uses, for example land fills, usually remain a viable option before land rehabilitation for public conservation purposes is pursued.

Although alternative land uses to disused quarries are usually not ruled out, there is generally a Government preference to rehabilitate a quarry for public benefit at the end of its life. CSR considers that the full range of land uses should be considered when assessing the future use of developed land where the option for conservation purposes remain open.

- ***Conservation expectations are not uniformly applied***
Policies for conservation and environmental protection vary on a State by State basis, but more importantly can vary between quarries in close proximity to one another but separated in development by only a few years.

Although it is generally accepted that environmental and conservation initiatives will always change, there appears to be little examination of the potential costs from such changes on new developments.

Key Principles to Address Public Good Conservation Issues

It is CSR's experience that there are some key principles which deliver better outcomes for developers and achieve public good conservation outcomes but in a way where the benefits and costs are more equitably shared. These are outlined below:

- ***Planning provisions which identify areas for protection***
CSR submits that both areas worthy of conservation and areas suitable for development should be identified early and prescribed in some way. Currently this does not necessarily apply equally to conservation and development areas.
- ***Prescriptive approaches hinder innovation***
Where conservation outcomes, or environmental protection outcomes

are required, such outcomes are best provided by creating a system of incentives to deliver the outcome as opposed to prescribing expected outcomes. This allows companies or groups charged with delivering conservation outcomes for the public good the flexibility to deliver outcomes in the most efficient and innovative way, as opposed to a static prescribed way.

- ***Promotion of partnerships to resolve issues***
In CSR's experience that developing cooperative outcomes through partnerships is an effective mechanism to meet a variety needs and bring together resources on conservation/development issues. Incentives which encourage such outcomes should be considered (eg partnerships between business, Government and community groups).
- ***Improved transitional requirements for new legislation***
New legislation can create uncertainty, in particular for developments in their planning and / or approval stages where they may be up against perceived conservation values. Attention to transitional arrangements can always be improved.
- ***Cost impact assessments can clarify costs and benefits***
Policy developed for public good conservation outcomes should be clear about its impacts on private landholders. The cost associated with introducing such policies, and benefits, should be formally assessed at least in a qualitative sense.
- ***Promotion of multiple land use and longer term options***
Conservation-only outcomes generally limit opportunities on land. There is much ground between straight conservation outcomes and development. In a general sense policy mechanisms should be flexible enough to allow these options to be explored.
- ***Incentives for improving biodiversity***
The expectation on improving biodiversity for the public good should be supported with incentives to do so. The reliance on the landholder to deliver such outcomes is generally unequitable despite its desirability.

Conclusions

CSR appreciates the opportunity to put its view forward on the issue of public good conservation. The key points in this submission relate to CSR's quarry businesses.

In particular we encourage the Committee to consider supporting approaches to land use which encourage considered conservation outcomes for the public good but equally add certainty to other land uses. We believe this can be better achieved through improved protection for development zones, incentives to deliver conservation outcomes through, in part, partnerships, and policy initiatives which are formally assessed for their costs and benefits.

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Richard C Peters
Manager Government Services
and Community Affairs, CSR