

24<sup>th</sup> January 2021

For the attention:  
**Phillip Zappala**  
Senior Planner – Major Assessment  
City Development Branch  
Council of City of Gold Coast

Dear **Phillip Zappala**,

Objection submission COM/2019/81-  
'Economic Need'

Please accept this Objection as I believe it highlights that there is no 'Economic Need' within the Gold Coast or Gold Coast Council for the Nucrush quarries planned extension and expansion.

When the existing contract for supply of pavement material to the Gold Coast Council had run its course it was put out to tender ( LG314/690/18/002 - Supply and Delivery of Pavement Materials).

This report sought preferred supplier arrangement for a period of two years with a twelve month extension option from the 1<sup>st</sup> July 2018

The previous arrangement prior to this was Hanson Construction Pty Ltd and Nucrush Pty Ltd.

One of the requirements was for a varied location of the suppliers across the city.

Three suppliers tendered for the contract. These being Fulton Hogan Quarries Pty Ltd (Blue Rock Cedar Creek quarry), Fulton Hogan Quarries Pty Ltd (Stonemaster, Stapylton Quarry), Boral (West Burleigh and Stapylton) and Nucrush Pty (Oxenford).

It was deemed, by the Council ,that all could supply the required products and therefore the following allocation was given (attachment A1):

Blue Rock Cedar Creek Quarry (KRA62)	10%
Stonemaster Stapylton Quarry (KRA 69)	20%
Nucrush Oxenford (KRA 68)	30%
Boral West Burleigh and Stapylton (KRA 70 and KRA69)	40%

One of the requirement of the Gold Coast Council was for a varied supply, no greater than 45 minutes from the supplier's location (Attachment A2). The quarries are shown in Attachment A3.

It can be clearly seen that the North Gold Coast is served by the Stonemaster Stapplton quarry (KRA 69) and the Boral Stapylton quarry (KRA 69) and the Fulton Hogan Blue rock quarry (KRA 62). While

the southern Gold Coast is well served by the Boral west Burleigh Quarry (KRA 70). These all have a good clear transport route to the Pacific Motorway.

It is noted that the time from Boral West Burleigh (KRA 70) to the central Gold Coast is approximately 25 minutes travelling time by road. Similarly, the time from the Stapylton quarries (KRA 69) is approximately 28 minutes. Whereas the Blue Rock Quarry (KRA 62) is 35 minutes to central Gold Coast. The Nerang Quarry (KRA 66) is centrally located, with an excellent transport route, and therefore is equally positioned to supply anywhere on the Gold Coast well within the required forty five minute window.

Therefore, from a Gold Coast Council perspective, when this contract goes out to tender once again, before the current completion date on 30<sup>th</sup> June 2021, there will be no “Need” for the Oxenford Quarry as there are a number of suppliers of the required ‘Pavement material’ that are all well within the 45 minute required window throughout the Gold Coast region.

#### Summary of Gold Coast Quarries

Including the applicants for the Gold Coast Council tender there appears to be eleven quarries within the Gold Coast Region these are summarised as follows (Attachment A3):

KRA 67 (four quarries)

KRA 66 Nerang

KRA 69 Stapylton North

KRA 69 Stapylton South

KRA62 Blue Rock

KRA 65 Jacobs Well

KRA 68 Oxenford

KRA 70 West Burleigh

Out of these, long term there are six key hard rock quarries on the Gold Coast (allowing for KRA 69 Stapylton South and the Boral Yatala quarry, within KRA 67, both closing due to exhaustion of supplies, KRA 65 being sand only, KRA68 Oxenford due to close 2022 and KRA 70 West Burleigh only having approximately ten years supply left)

The six key hard rock quarries are as follows:

KRA 67 Northern Darlington Range (3 quarries) (100yrs),

KRA 66 Nerang (30yrs),

KRA 69 Stapylton North (30-40yrs supply),

KRA 62 Blue Rock (50 yrs)

### Current Supply and Demand

(Data extracted taken from the transcript of the 'Boral Resources (Qld) Pty Ltd' v 'Gold Coast City Council' in the Planning and Environment Court of Queensland on the 4<sup>th</sup> May 2017)

Existing GCC quarries produced and sold between 5.6M and 10.4M (Average 7.75M) tonnes pa of processed hard rock between 2000 -2016 (this is without the Boral upgrade to Ormeau quarry to produce 2Mt pa as per 2013 development application)

Of this, approximately 50% (averaging 3.86M tonnes pa) made and delivered to GCC markets. The remaining 50% was exported to NSW and mainly other areas of SSEQ (outside of GCC).

Therefore, Gold Coast are only using half what they produce (produced an average of 7.75M t pa, used 3.86Mtpa). Therefore a 100% oversupply. Plus the Boral Ormeau quarry has increased output significantly.

SSEQ (excl GCC) has 8 quarries with 330Mt of resource, producing and selling 3.8M - 8.3Mt pa (plus recent approval to increase production by 5 to 6 M t pa).

NSW has 4 (or 6) established quarries with 30Mt of approved resources supplying regional markets which consume 1.2M to 1.3M t pa (24 years supply).

### **Summary**

The Gold Coast are only using half what they produce (Produced an average of 7.75M t pa, used 3.86Mtpa). Therefore a 100% oversupply.

NSW have their own supply for at least a quarter of a century.

SSEQ (excl GC) produces between 3.8M and 8.3 M tpa (however approved to produce further 5 - 6Mtpa. Therefore, sufficient supply for the next fifty years at least.

Nucrush's market is GC and SSEQ and NSW (see Attachment B1).

But Gold Coast is 100% oversupplied.

SSEQ are producing more than they require

NSW has ample supplied from its own quarries

Therefore there is clearly no 'Need' for the Oxenford Quarry for the Gold Coast having an abundant over supply within the Gold Coast. And, our neighbours (SSEQ and NSW) clearly have their own supplies for the foreseeable future.

### Inferior Product and transport Costs

In the Appeals Court case of Nerang Pastoral Co Pty Ltd v Chief Executive, Department of Natural Resources in Brisbane Land Court on 3<sup>rd</sup> July 1997, re land valuation of the Oxenford quarry, the following was discussed with regard to the quality of the Nucrush Oxenford quarry compared to its neighbours and the relative transport costs:

(Please note Mr Gray is the quarry General Manager at this time and Mr Kelaher a registered valuer on behalf of the appellant).

The Judge said the following: “Before coming to the detail of this evidence, there are some general points to consider, the first with regard to the question of rock quality. Mr Gray said that there were some inherent weaknesses in rock on the subject “combined site” with some slate-like material intimately mixed with the better quality rock. The weaker material has to be removed and this is done by blasting the rock into finer particles using explosives and sieving out the weaker particles as the first part of the processing operation. Sometimes, he said, the product needs to be downgraded and a price reduction results. Production costs would be higher and the utilisation of raw material would be lower in the case of the subject quarry than an acceptable standard. The bulk of the relativity properties referred to by Mr Kelaher are in the Darlington Range area where, according to Mr Gray, it is known that meta-greywacke is of good quality, though there is some variation in quality. Mr Gray has a good knowledge of each of the relativity properties referred to by Mr Kelaher though he could not, of course, carry out the same level of investigation as on the subject lands. Overall, it was his view that the subject was inferior in rock quality. He also commented that those quarries closer to Brisbane (and that includes all of the relativities apart from Hymix [Nerang]) had the advantage of access to a larger market and on this account would be superior to the subject which is confined to the Gold Coast market. In respect of the Gold Coast market, the subject land was generally said to be disadvantaged in terms of transport costs, according to Mr Kelaher who said that all of his relativities had fewer hills which loaded trucks would have to climb on their way to service the Gold Coast market, even though they were, excepting for the Hymix [Nerang] property, all further from the Gold Coast market than the subject lands”

In summary the judge said the Quarries general manager was saying: “Production costs would be higher and the utilisation of raw material would be lower in the case of the subject [Oxenford] quarry than an acceptable standard”.

Also: “the relativity properties referred to by Mr Kelaher are in the Darlington Range area where, according to Mr Gray, it is known that meta-greywacke is of good quality”.

Further: “Overall, it was his view that the subject [Oxenford quarry] was inferior in rock quality”

And: “He also commented that those quarries closer to Brisbane (and that includes all of the relativities apart from Hymix [Nerang]) had the advantage of access to a larger market and on this account would be superior to the subject which is confined to the Gold Coast market”.

And finally: “In respect of the Gold Coast market, the subject land was generally said to be disadvantaged in terms of transport costs, according to Mr Kelaher who said that all of his relativities had fewer hills which loaded trucks would have to climb on their way to service the Gold Coast market”.

Therefore, it has been established, in a court of law, that:

1. Nucrush Oxenford quarry produces an inferior product.
2. Has low utilisation of raw material.
3. Costs more to produce.
4. Is disadvantaged by its location.
5. Confined to the Gold Coast.
6. Disadvantaged in terms of transport costs.

It is clearly not required by the Gold Coast Council as it is providing an inferior product, that costs more to produce and from a disadvantaged location, as proven, in a court of law, by Nucrush's own general manager and valuer.

#### Nucrush Quarry employment

In its 'Economic Need Assessment' the development application says the Nucrush Group business employs a total of 138 full-time equivalent (Attachment C1). However, the development application fails to reveal the true number of workers actually employed at the quarry which is a fraction of this number. In fact, only twelve workers and a manager are believed to work there (See Attachment C2). And, of these twelve it is believed a number of these workers work in the on-site concrete batching operation that will move once the quarry has closed.

Therefore, of the inferred 138 workers in the Environmental Need section of the application, only a handful of workers are actually quarry workers. The rest it would seem are employed throughout their offices and eight or so concrete batching plants throughout the region from Logan (SSEQ) to Ballina in NSW.

It should also be remembered that the few employees who actually work at the Oxenford Quarry knew the plant was due to close in 2017. They were given a five year reprieve until 15<sup>th</sup> February 2022. Now, it would seem is the time for them to be redeployed to a more suitable environment within the Nucrush group.

We can only assume Nucrush can redisperse the few employees working fulltime at the quarry relatively easily throughout their extensive operation throughout the region.

#### Market

This is not just a local supplier as claimed. They are delivering to Ripley Valley, Ipswich and Caloundra in the Sunshine Coast and Ballina in New South Wales. These markets can be easily sourced from closer locations without the need for the high transport costs and the additional haulage vehicles traversing through our local suburban areas.

Delivering over these long distances has clear increased transport costs, increased air pollution affecting global warming due to increased transport distances and reduced pedestrian and driver amenity due to the increased presence of trucks unnecessarily within the local residential suburban Gold Coast Roads with their fine road dust contamination and carcinogenic diesel emissions.

#### Conclusion

The Gold Coast do not 'Need' the Nucrush quarry as the Gold Coast is already saturated with a 100% oversupply of product.

Likewise, the Gold Coast City Council do not 'Need' Nucrush quarry as there is an abundant supply of products in the area and a number of willing suppliers to supply the material required by the council.

The current contract for the supply of pavement material ends on 30<sup>th</sup> June 2021. It will be necessary to renegotiate the preferred supplier arrangement prior to this date, especially as the Nucrush quarry cessation date is 15<sup>th</sup> February 2022.

The Gold Coast Council requirement for a maximum haulage time of less than 45 minutes can be met by any one of the Gold Coast quarries in Attachment A3.

Also, Nucrush is clearly not the major quarry employer the development application infers but instead employs just a handful of workers at the quarry, who, it would be assumed given the nature of the business and the number of locations it works from, that the few workers effected could be redispersed relatively easily within the organisation.

I believe there is no proven 'Economical Need' for the Nucrush Oxenford Quarry especially considering it's an inferior product, that costs more to produce, with disadvantaged transport costs compared to other quarries in the region (as proven in a court of law).

Thank you for considering my objection

Kind regards

Tony Potter

\* Disclaimer. Please note my findings are believed correct and are to the best of my ability. However, there may be errors and assumptions I have made that are incorrect. I do not believe this to be the case, but, realise with the vast amount of submitted data from the applicant, errors and assumptions on my part may occur. Hopefully this is not the case, but please accept my apologies if this is so. Thank you.

## Attachment A1 - Contract percentage

### ITEM 3 (Continued)

#### CONTRACT NO. LG314/690/18/002 – SUPPLY AND DELIVERY OF PAVEMENT MATERIALS LG314/690/18/002

The percentage estimate of tendered amount to be awarded to each contractor based on the aforementioned is as follows.

Tenderers	Local Content %	Gold Coast Awards %	% estimate of tendered price to be awarded to each tenderer	Option 1 Supply "ExBin" Total Estimate Amount (excl. GST) for 2 years*	Option 2 Supply and Delivery Total Estimate Amount (excl. GST) for 2 years*
1					
Fulton Hogan Quarries Pty Ltd (Quarry Location Blue Rock Cedar Creek Quarry)			10%	\$ 533,331.70	\$119,690.70
Fulton Hogan Quarries Pty Ltd (Quarry Location Stonemaster Stapylton Quarry)	12%	0%	20%	\$ 1,203,016.50	\$244,986.70
2					
Nucrush Pty Ltd (Oxenford)	15%	2%	30%	\$ 1,641,039.15	\$392,990.70
3					
Boral Construction Materials Group Limited as agent for Boral Resources (QLD) Pty Ltd (Reedy Creek; Stapylton)	12%	0%	40%	\$ 2,461,954.56	\$539,388.04
Council's estimate was:				\$ 5,071,361.25	\$1,076,021.20

## Attachment A2 - forty five minute delivery time

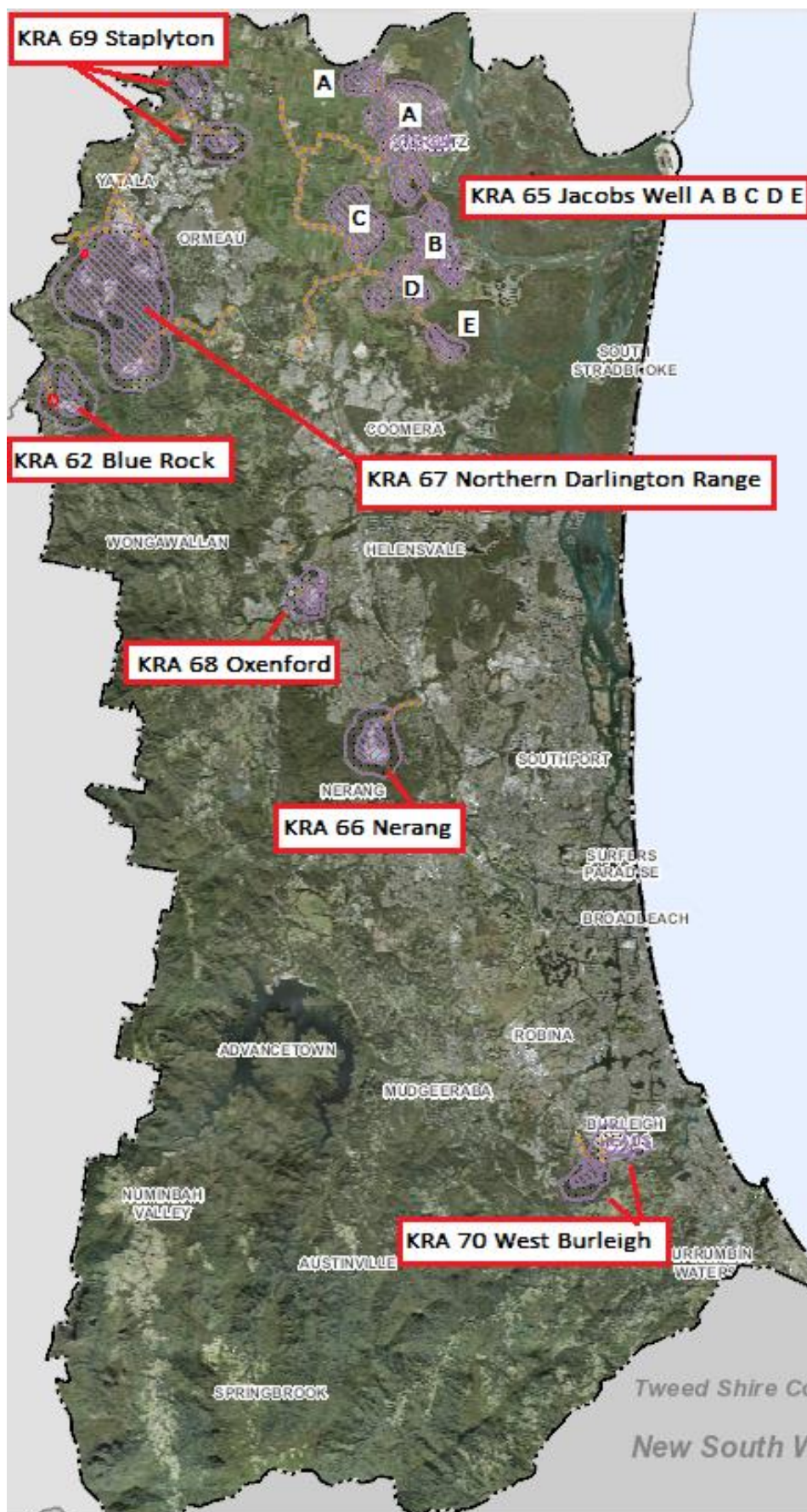
### ITEM 3 (Continued)

#### CONTRACT NO. LG314/690/18/002 – SUPPLY AND DELIVERY OF PAVEMENT MATERIALS LG314/690/18/002

Final prices offered were as follows.

Tenderers	Option 1 Supply "ExBin" (excl. GST) for 2 years*	Option 2 Supply and Delivery (excl. GST) for 2 years*	Total
1			
Fulton Hogan Quarries Pty Ltd (Quarry Location Blue Rock Cedar Creek Quarry)	\$ 5,333,371	\$ 1,196,907	\$ 6,530,278
Fulton Hogan Quarries Pty Ltd (Quarry Location Stonemaster Stapylton Quarry)	\$ 6,015,083	\$ 1,224,934	\$ 7,240,016
2			
Nucrush Pty Ltd (Oxenford)	\$ 5,470,131	\$ 1,309,969	\$ 6,780,100
3			
Boral Construction Materials Group Limited as agent for Boral Resources (QLD) Pty Ltd (Reedy Creek; Stapylton)	\$ 6,099,036	\$ 1,277,370	\$ 7,376,407
Council Estimate			\$ 6,147,382

A variety of locations for the quarries across the city is essential. Approximately 45% of the contract value is for supply of cemented quarry products with a maximum workable life of 3 hours therefore a maximum haulage time of less than 45 minutes provides a safe solution to ensure conformance of material placement and compaction.





**NUCRUSH GROUP**  
Together We Grow®

HOME PRODUCTS

## PRODUCTS

### QUARRY

Nucrush Quarries supplies quality stone, rock, road base, sand & decorative stones including delivery to Gold Coast & surrounds.

### CONCRETE

With eight concrete plants from South Brisbane to Ballina, it's easy to get the product you need from our extensive range.

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**4.7 Economic Need Assessment – Location IQ**

- The Nucrush Group business employs a total of 138 full time persons on the Gold Coast

