



MINERALS COUNCIL OF AUSTRALIA

VICTORIAN DIVISION

PREBUDGET SUBMISSION 2024

EXECUTIVE SUMMARY

Victoria's minerals industry is a high priority for regional development. A growing minerals exploration, mining and mining services sector supports full time jobs, and creates more diverse regional economies.

The Victorian Government should aim to have multiple new gold-antimony, mineral sands/rare earths, and base metal mines by 2030 which will create thousands of jobs and establish supply chain opportunities for businesses across regional Victoria.

Efficient government approvals, regional skills support, competitive tax parameters, support for environmentally low impact processing technologies and geoscience investment is required to secure new mines by the end of the decade.

This submission outlines the following budget priorities to support Victorian jobs and regional communities through a strong minerals sector:

1. Improve approvals timeframes

- Build capacity in Resources Victoria to deliver more efficient approvals

2. Promote critical minerals projects, discoveries and processing technologies

- Expand investment in pre-competitive geoscience data
- Co-fund a minerals exploration drilling initiative
- Invest in critical minerals processing and infrastructure initiatives

3. Competitive fees, charges and taxes

- Reform Victoria's gold royalty to remove regressive elements
- Impose no new taxes, rates or charges on mining and exploration

4. Build a skills pipeline through a regional skills package

- Promote earth sciences in secondary and tertiary education
- Provide pathways to mining jobs in regional Victoria through tailored Technical and Further Education (TAFE) entry level courses partnering with industry
- Explore opportunities for seamless skills development across TAFEs and universities for new and continuing workers
- Partner with MCA Victoria programs to support regional skills and workforce building.

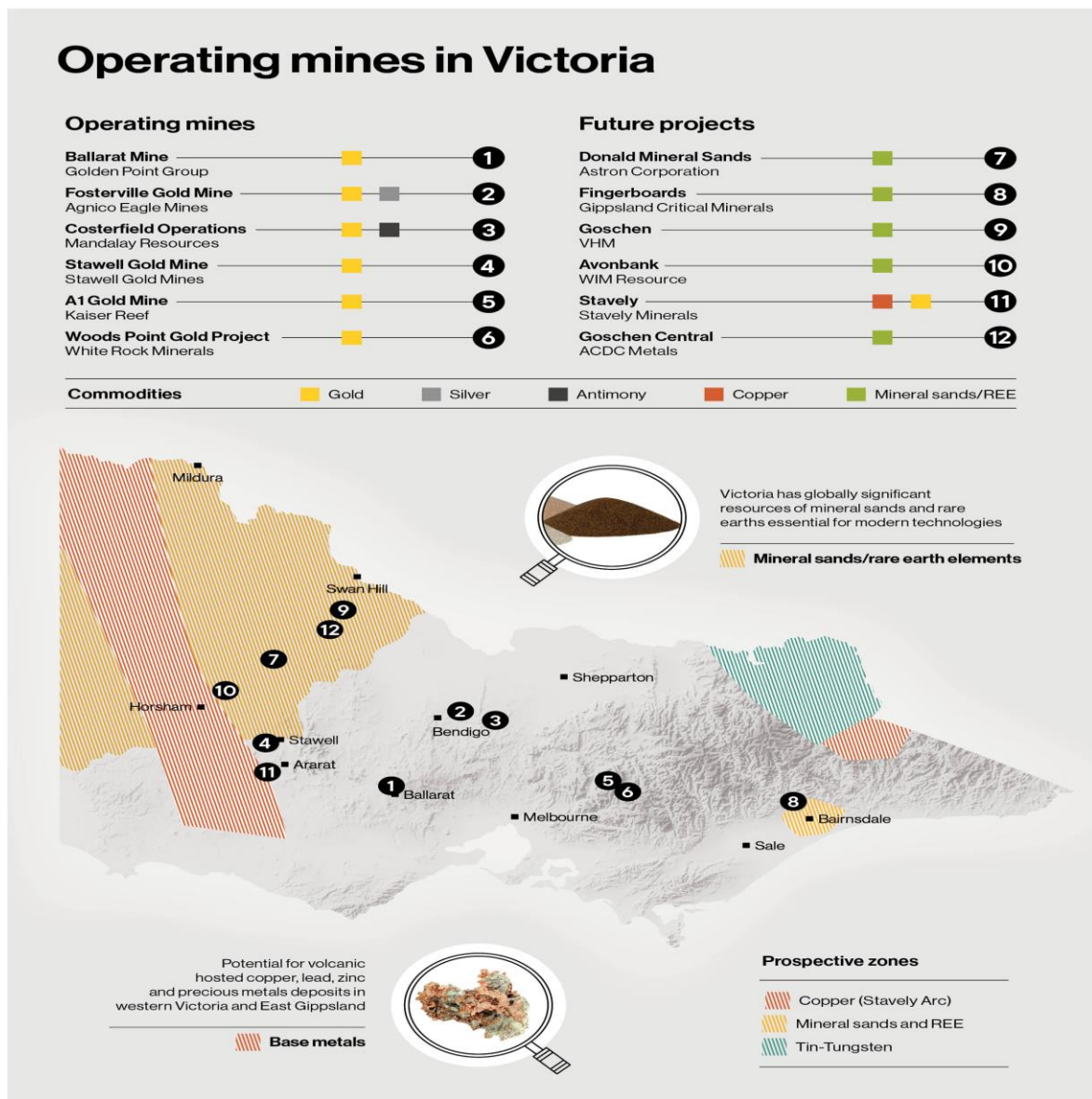
MINING – CRITICAL TO REGIONAL DEVELOPMENT

Mining and exploration plays an important role in regional Victoria. Mining creates high paying jobs and supports a supply chain of innovative small and medium sized businesses.

Demand for critical minerals including copper, rare earths and lithium is forecast to increase exponentially as essential inputs to modern technology. This creates big economic opportunities for regional Victoria.

Over the last three years Victoria has broken exploration spending records with \$572.6 million invested in minerals exploration – the fourth highest of all Australian states¹. The challenge is converting exploration into mining projects.

There are six potential critical minerals projects in the pipeline in Victoria from antimony near Kilmore to rare earths near Swan Hill. Victoria has known mineral sands deposits containing zircon and titanium minerals, and rare earth element bearing monazite and xenotime which are inputs to wind turbines and batteries.



¹ [Mineral and Petroleum Exploration, Australia](#): Australian Bureau of Statistics, June 2023.

Victorian mining supports regional Victorian jobs and business

Regional communities with a mine enjoy a large positive economic impact. Gold mining employs over 1,000 workers directly in the Bendigo region at the Fosterville and Costerfield mines. Agnico Eagle's Fosterville Gold Mine is the fourth largest employer in Bendigo. Hundreds of workers are employed in Ballarat and Stawell mines, in addition to the A1 Mine in Woods Point and processing plant in Maldon.

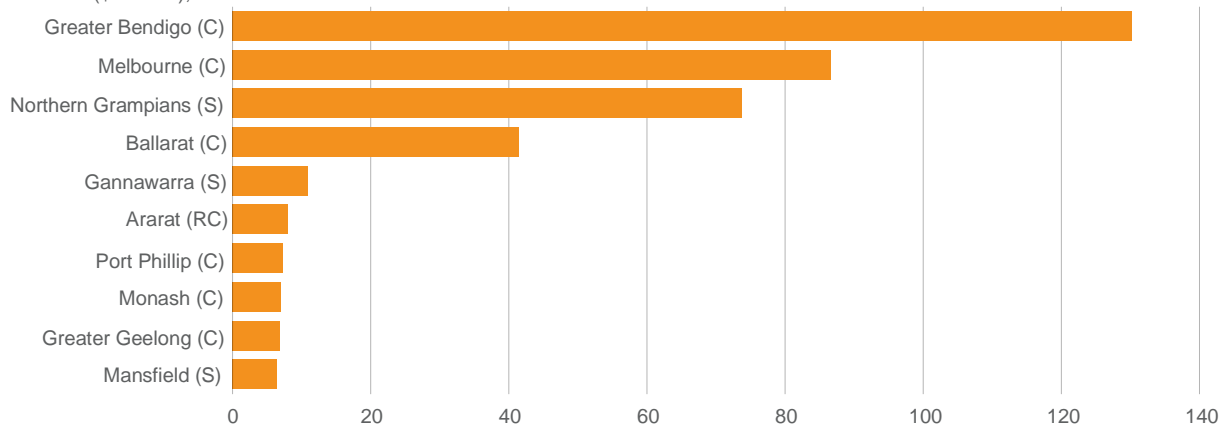
Victorian mines spent more than \$500 million dollars in Victoria in 2020-21 comprising:

- \$151.9 million in wages and salaries
- \$307.3 million in purchases of goods and services from over 1,700 local businesses
- \$48.1 million in state government payments.²

More than half of Victorian mine supplier spend is in regional Victoria. Local government areas with mines benefit the most. Greater Bendigo has the largest share of direct local businesses expenditure in 2020-21 (\$130.2 million), with Northern Grampians (\$73.7 million) and Ballarat (\$41.5 million).³

Minerals Sector Direct Spend by Local Government Area

Victoria (\$ million), 2020/21



Source: Lawrence Consulting

Victoria's opportunity to be a global mining engineering and services hub

Victoria is a hub for the Mining Engineering, Technology and Services (METS) sector with Victorian manufacturing and service businesses supplying mining operations across Australia and globally. The METS sector supports 88,000 jobs in Victoria.⁴ These include a range of jobs including equipment manufacturing in Melbourne, Bendigo, and Ballarat.

It is core business for mining to adopt new technologies in the pursuit of more productive, safe and environmentally sustainable operations. A growing mining sector in Victoria gives the state the best chance of sharing in the \$15 billion a year national export METS industry providing services to over 200 countries.⁵

Victorian mining pays a range of special fees, charges and taxes

Mining pays all the state taxes and charges that other businesses pay as well as a range of additional, special charges. The sector paid \$131.9 million in minerals specific license fees, land rents and royalties in 2021-22.⁶ Mining paid \$42.8 million in new gold royalties in 2021-22.⁷ Including increases in coal royalties and a new gold royalty, around \$200 million in new costs have been imposed on the industry since 2017.

² Lawrence Consulting, [Victorian Minerals Sector Economic Contribution Study 2020/21](#). Report prepared for the Minerals Council of Australia, 2022.

³ *ibid*

⁴ [Deloitte Access Economics Mining and METS: engines of economic growth and prosperity for Australians](#), Report prepared for the Minerals Council of Australia, 2017.

⁵ *ibid*.

⁶ [Earth Resources Regulation, 2021-22 Statistical Report](#).

⁷ *ibid*.

A growing mining industry will improve socio economic measures in the regions

Victoria as a whole has a less diverse, and generally slower growing economy than the capital region of Melbourne. Many prospective areas of regional Victoria for mining experience higher levels of economic disadvantage in terms of household income, disengagement with school and employment, gross regional product and population growth compared to state averages.

Future mineral sands and rare earths projects are primarily in the Wimmera, Mallee and Loddon Murray regions are in areas with declining populations and ageing demographics. These regions have experienced a lower Gross Regional Product (GRP), lower population growth rates over the 10 years to 2021 and have a lower percentage of people aged 15-44 than the state average.⁸

Wimmera Southern Mallee has experienced negative GRP and population growth rates over the last 10 years.⁹ Buloke, Northern Grampians, Southern Grampians, West Wimmera, Hindmarsh, and Yarriambiack recorded declines in population between 2011-2021.¹⁰ The percentage of people aged 20 and over who did not complete year 12, and 15-19 year olds not engaged in school or employment is significantly higher than the Victorian average in the Wimmera and Mallee.

On the industry diversity (the Herfindahl index), the Wimmera, Mallee, Great South Coast and Gippsland have a much poorer diversification score with higher industry concentration (205) than Melbourne (6).¹¹

The development of Victoria's resources is an important way to create economic opportunities and help reduce the increasing economic gap between regional Victoria and metropolitan Melbourne.

A stable and productive workplace relations system is also an essential element of a thriving mining industry. The MCA notes its grave concern at the likely impact the Fair Work Legislation Amendment (Closing Loopholes) Bill 2023, which was introduced to the Commonwealth Parliament in September 2023.

If enacted, the Bill would create unprecedented levels of administrative complexity that would undermine the business models of many businesses, threaten jobs and business viability, and massively increase costs.

The proposals reverse the direction of workplace reforms since the early 1990s and are likely to cause significant economic damage to employees and businesses.

⁸ RDV [Regional Snapshot](#).

⁹ *ibid*

¹⁰ ABS, [Regional Population 2011-21: Population Change](#), July, 2022. Viewed January 2023.

¹¹ RDV [Regional Snapshot](#).

AGENDA FOR REGIONAL GROWTH

As a highly regulated industry, government policy and regulatory choices will help ensure the minerals industry can maximise its contribution to Victoria's economic recovery.

Priority actions to support the regional Victorian economy

1. Improve approvals timeframes

Budget measures:

- Capacity building in Resources Victoria to deliver more efficient approvals.

The announcement of strategic project facilitation support for mining projects in the 2023 Budget recommended by MCA Victoria will help provide certainty of process for viable minerals projects and support the creation of new jobs and investment in regional communities. However, statutory reform and regulator communication is required to remove duplication and delays in approvals that serve no environmental or social benefit.

Policy settings in Victoria are not competitive and approvals processes need to be efficient if Victoria's is to realise its minerals potential. The latest annual Fraser Institute report on global exploration and mining investment perceptions and investment competitiveness ranks Victoria comes last in Australia, and 39th out of 84 global jurisdictions on investment for mining.¹²

Victoria does particularly badly on timeframes for approvals. Delays in approvals to site works and work plans from referrals to agencies increases costs and project timeframes that impact on mining's ability to generate jobs in regional areas.

A well-funded department and regulator is critical to ensure regional communities benefit from the development of Victoria's resources in this highly competitive global industry. Increased funding in recognition of a growing industry is required to ensure timely and efficient processing of licences.

The new Resources Victoria and reforms underway to modernise approvals under the Mineral Resources (Sustainable Development) Act 1990 are welcome developments. Reform of the new statutory duty approvals model must be adequately funded to prioritise the removal of duplication between regulatory agencies.

2. Promote exploration to lead to new minerals discoveries and processing technologies

Budget measures:

- Expand investment in pre-competitive geoscience data
- Re-introduce a co-funded minerals exploration drilling initiative
- Invest further in Victoria's critical minerals initiatives to match other states incentives
- Develop infrastructure needs for mineral sands/rare earths separation and processing.

The Victorian government's investments in pre-competitive geoscience data, and co-funded exploration under the TARGET program are important policy tools to help ensure the Victorian community can benefit from the development of the state's resources. Pre-competitive geological survey information is a public good that delivers positive financial returns for the people of Victoria.

Funding should be provided to ensure GSV can invest in the following pre-competitive data and modern geoscience concepts to promote exploration and minerals development:

- Increased coverage of Victoria with LiDAR (light detection and ranging) to produce highly accurate Digital Elevation and Digital Terrain Models
- Conduct FALCON airborne gravity/gradiometry surveys

¹² Fraser Institute [Annual Survey of Mining Companies 2022](#), May 2023.

- Produce deposit model studies of minerals deposits to identify new opportunities.

Victoria lacks routine LiDAR data outside of irrigation areas. Sensor technology and ability to process these data sets is changing dramatically each year, a commitment to renew this data should be included. It is regarded as the best remote tool to augment on-ground geological observations.

Undertaking a long-term multi-year program to acquire FALCON airborne gravity/gradiometry over the entire state will ensure complete potential field (magnetics, gravity) data sets to increase the chances of new discoveries.

Deposit model studies of minerals deposits can identify new opportunities in:

- Devonian epizonal gold - the late gold story is not well understood. Better targeting comes with better understanding of the controls on gold mineralization
- Copper-dominant base metals deposits in both eastern and western Victoria
- Critical minerals deposits.

MCA Victoria has welcomed the Victorian Government's development of a critical minerals grants and development program as recommended in the MCA's 2022 Pre-Budget submission.

Critical minerals grants should cover the minerals used in everyday technology that Victoria can produce including antimony, cobalt, copper, graphite, indium, lithium, magnesite, molybdenum, nickel, niobium, platinum group elements, rare earth elements, rhenium, scandium, silica, tantalum, tellurium, tungsten, tin, titanium, vanadium, zinc, and zirconium. Projects that primarily target gold or mineral sands with critical minerals as a co product should be considered.

Implementation of competitive grants should be prioritised to ensure Victoria receives its share of critical minerals developments.

Develop infrastructure needs for mineral sands/rare earths separation and processing

Victoria's critical minerals package is far more modest than other states. Victoria needs to introduce a fund to support piloting new downstream mineral processing technologies developed by the METS sector with a small environmental footprint.

Victoria has the potential to develop into a global hub for not just mineral sands (zircon and titanium), but also valuable rare earths such as the magnet elements dysprosium, neodymium, praseodymium and terbium. Victorian mineral sands deposits are rare earths rich.

Waste management research and pilot projects, including technology options available for how to better utilise and recycle water and alternatives to a traditional tailings disposal should be recommended and funded to keep Victoria at the cutting edge of circular economy technology in mining. Cutting edge environmental research in mining and support for pilot circular economy technologies will help ensure Victoria is a leader in zero waste outcomes and sustainable development goals.

MCA Victoria has welcomed the work by Resources Victoria recommended in the MCA 2022 pre-budget submission to investigate impediments to value adding of Victoria's rare earths resources including infrastructure requirements. More needs to be done. Common and shared infrastructure must be emphasised over grants to individual companies and government 'picking winners'.

Renew the TARGET co-funded exploration program

Ongoing investment in a revised TARGET co-funded exploration drilling initiative is necessary to encourage further exploration activity. This is particularly important given the current difficulties in capital markets for gold exploration.

A co-funded minerals exploration drilling initiative will ensure Victoria is competitive with other jurisdictions to attract exploration investment. Most other states have a permanent program or renewed grants programs. The grants programs range from \$500,000 in the renewed Tasmanian program up to \$7.5 million in WA.

Victoria's last TARGET program was fixed-term and currently not renewed despite leveraging significant exploration funds into Victoria. Renewing the TARGET co-funded drilling initiative would encourage exploration drilling in under-explored areas and encourage exploration for previously unexplored-for minerals.

A renewed program should focus on exploration in greenfield areas and support for innovative exploration techniques utilising non-traditional deposit models, undercover or in new terranes to maximise the benefits of a grants program.

3. Reform fees, charges and taxes

Victoria's gold royalty, applied from 1 January 2020, is flawed. It does not reflect Victoria's unique geology of narrow vein mining, nor the impacts on Victoria's mines. It is uncompetitive with other states and discourages a marginally profitable mine from continuing to operate and invest and ultimately results in earlier closure.

Budget measures:

- Reform Victoria's gold royalty by:
 - Introducing an exploration offset to remove distortions against investing in exploration
 - Employing a royalty phase-in for new mines to reduce cash flow impacts in the early years and reduce impacts on small growing mines
- Rule out regulatory fee increases on Victorian explorers and miners.

Victoria's current gold royalty of 2.75 per cent with no deductions does not reflect the varied risk profiles and underground operations of Victoria's mines, or the need for ongoing exploration to sustain gold mines.

The current structure imposes a significant tax burden on mines when they are unprofitable. The royalty creates a large tax rate of over 50 per cent on mines with thin margins.

The effective tax rate is higher than Western Australia (the largest gold mining state), New South Wales (which has various deductions) and other states with various offsets and royalty holidays for new mines.

Victorian gold deposits are typically narrow vein deposits with irregularly distributed gold. Narrow vein deposit underground mining is difficult for mine planning and is much higher cost than open pit mining. These unique characteristics make it more difficult and expensive to 'prove-up' sufficient gold reserves to support a reasonable mine life and secure the necessary finance to develop a mine.

Larger, shallower, more predictable ore bodies, not typical in Victoria, can be mined more cheaply and provide the advantage of greater grade predictability and easier extraction techniques.

Victorian gold mines have short reserve lives making exploration the lifeblood of sustaining gold operations in our state. Modest reform to the gold royalty is required to make it more competitive with other jurisdictions and reduce impacts on small mines through an exploration offset and consideration to reduce royalty rates in the early years of a new mine paying back capital.

These changes would reduce the risk of closing mines earlier than they otherwise would by reducing the impact of expenditure on ongoing sustaining exploration and encourage future reinvestment in mines in Victoria.

ERR fees and charges

Victoria's 2014 fees and charges regime imposes high taxes on explorers. Every dollar in government fees, charges and taxes are a dollar less put into the ground in exploration.

The 2014 fees and charges regime imposed fees and 'rents' on exploration, retention and mining licences and it increased costs for exploration.

A 'rent' charge on exploration licences was imposed setting a minimum cost of \$5,000 scaling up to around \$90,000 over five years depending on the area. Various new fees and charges were also imposed in 2014 on applications, variations and transfers under the cost recovery model for ERR on all industry participants.

In 2021-22 mining paid \$1.2 million in regulatory charges, and \$4 million in rents alone - more than double that of 5 years ago.¹³ 'Rent' charges on exploration licences should be reformed and reduced as a regressive tax on explorers with no income to increase incentives to invest in exploration in Victoria.

4. Build a workforce for mining in regional Victoria through a mining skills package

Budget measures:

- Support regional TAFEs and RTOs to offer the new industry developed Mining Pathways Course through funding support and addition to the Funded Course List
- Introduce an Earth Science course into the VCE curriculum
- Develop earth science initiatives in Victorian secondary schools to inspire the next generation of scientists similar to the Secondary Schools Agriculture Fund.

The expected development of new mineral sands mines in Northwest Victoria will require hundreds of workers from entry level to engineering and management roles from 2025. The Victorian Skills Plan notes the projected growth in mining jobs in a number of regions including the Loddon Campaspe and Wimmera Southern Mallee regions.¹⁴

Earth science and mining career initiatives in Victorian secondary schools

The Secondary Schools Agriculture Fund should be expanded to include resources to increase the number of young people pursuing training and work in primary industries of agriculture and mineral resources.

An expanded program to cover all primary industries would include funding to develop a Vocational Major in Mining program (linked with the Mining Pathways Course and existing engineering majors), development of a cadetship program in Victoria's mines, and grants to training providers to support the delivery of the Mining Pathways Course and other training that meets the needs of the mining and METS sector to ensure Victoria has the skilled workforce for future developments in critical minerals mines to support renewable and other modern technologies.

There is a lack of mining specific courses in regional Victoria for young Victorians, and for locals prepared to re-skill into mining and exploration roles. Australia also faces poor uptake of mining engineering, geology and metallurgy courses at university in line with border challenges to Science, Technology, Engineering and Mathematics courses.

The Victorian Government's Minerals Strategy states an objective to 'support skills development for mining and METS and skills attraction to regional Victoria'¹⁵ through partnering with the MCA to promote the attraction of talent into Victoria and pathways into the sector for secondary and tertiary students. This aspect of the Government's strategy has not been implemented with the MCA.

MCA Victoria seeks to work with government on MCA industry-led career awareness and industry to education partnerships on careers. MCA is developing pathways into the sector for secondary and tertiary students. Pathways initiatives build on MCA work to promote careers awareness through school based activities, and MCA support for earth sciences programs aligned to the science curriculum to support secondary school teachers such as the Teacher Earth Science Education Program.

¹³ [Earth Resources Regulation, 2021-22 Statistical Report](#).

¹⁴ [Victorian Regional Skills Plan Update](#), October 2023.

¹⁵ [State of Discovery, Victorian Resources Strategy 2018-2023](#).

Support for successful MCA Victoria programs will increase the reach of the mining career immersion program which involves field trips to mines for regional schools and the development of entry level pathway courses into mining delivered by local TAFEs. Since commencing in 2022, the MCA school field trip program has facilitated over 600 students from 27 schools to Victoria's four operating gold mines.

Introduce an Earth Science course into the VCE curriculum

Victoria's VCE curriculum provides minimal opportunity for students interested in earth science. A government pilot geology course, through funding the Victorian Curriculum Development Authority, would provide a pathway into geoscience and help create a pipeline to Victorian university geoscience courses and mining engineering courses as part of Victoria's aim to be 'the education state'.

Introduction of a geology and earth science VCE subject, or expansion of the existing Environmental Science course to Earth and Environmental Science similar to other states including NSW, SA and WA would be a positive step to more clearly include rocks and minerals, plate tectonics and mineral resources at VCE level.

An expanded VCE curriculum to offer secondary students the opportunity to pursue careers in mining and earth sciences would help address the lack of enrolments in Victoria's earth science university courses. A priority must be to create a pipeline of interested students from secondary school level.

Two Victorian universities offer mining/resources engineering, three offer geology/geoscience, and four offer metallurgy. Environmental science and other engineering courses are offered in Victoria, however, declining enrolments risk the pipeline of skilled workers in mining despite growing demand for minerals products in technology used every day.

MCA Victoria seeks to work with government on industry-led career awareness and education programs. If skill development opportunities in regional Victoria, the state can be a regional hub for jobs training, and innovation. It will further alleviate skills shortage issues and ensure young Victorians can benefit from jobs and training in the sector.