

MINERALS COUNCIL OF AUSTRALIA

VICTORIAN DIVISION

PREBUDGET SUBMISSION 2025

EXECUTIVE SUMMARY

Victoria's minerals industry should be a high priority for regional development. A growing minerals exploration, mining and mining services sector creates more diverse regional economies with high wage, full time jobs and support for local business.

The Victorian Government should aim to have multiple new gold-antimony, mineral sands/rare earths, and base metal mines by 2030 to support new jobs, supply chain opportunities for businesses and revenue streams for regional Victoria.

Efficient government approvals, regional training opportunities, competitive taxes 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
- Maintain funding for the Resources Victoria Approvals Coordinator
- A stronger ERR oversight role for the Mining Warden for community and industry

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 common user critical minerals processing and infrastructure

3. Competitive fees, charges and taxes

- Reform Victoria's gold royalty
- Minimise ERR fee and charges impacts on exploration and mining
- No new taxes or rates on mining and exploration

4. Build a skills pipeline through a regional skills package

- Increase earth sciences in the VCE senior secondary curriculum
- Provide pathways to mining jobs through tailored and regionally available entry level courses
- Expand the Secondary Schools Agriculture Fund to resources and partner with MCA Victoria programs to support regional skills and careers awareness.

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 is forecast to increase exponentially as essential inputs to modern technology. This creates big economic opportunities for regional Victoria.

Over the last 10 years there has been a 390% increase in exploration spending in Victoria to a 2023-24 total of \$150.4m¹. 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 in the Mallee.



¹ ERR Annual Statistics Reports

Victoria needs to pay down debt and attract grow regional industries

Victoria requires a strong economic growth agenda to address state debt projected to reach \$228 billion in 2028. Developing Victoria's resources projects should be an integral part of the future Victorian economy spreading economic growth and opportunities to the regions and building on Melbourne's strengths in advanced manufacturing in the Mining Engineering, Technology and Services (METS) sector.

Victoria's minerals industry welcomes the inclusion of mining and critical mineral processing as a priority growth sector in the Economic Growth Statement, backed by the Critical Minerals Roadmap. However, there is no shortage of resource projects across Australia and around the world. Victoria needs competitive tax, skills, and approvals processes to turn Victoria's minerals endowment into investment opportunities and operating mines.

Only through competitive policy settings can Victoria attract investment in high wage, tax and value add industries such as mining to fund essential services Victorians need.

Victorian mining supports regional Victorian jobs and business

Regional communities with a mine enjoy a large positive economic impact.

Victorian mines spent \$570 million dollars in Victoria in 2023-24 comprising:

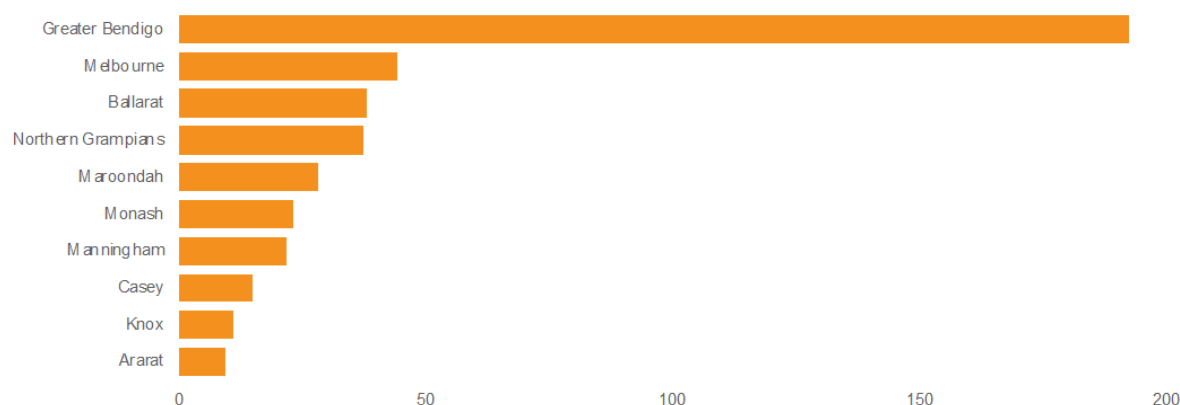
- \$181 million in wages
- \$374 million in purchases of goods and services from 1,700 local businesses
- \$39 million in state government payments.

Gold mining employs around 1,000 workers in the Bendigo region. 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.

More than half of Victorian mine supplier spend is in regional Victoria. Central Victoria/Loddon Murray enjoyed the biggest injection from the minerals sector (\$214 million) and Western Victoria (\$90 million) benefited from hosting mines in Bendigo, Stawell and Ballarat.

Minerals Sector Direct Spend by LGA

Victoria (\$ million), 2023/24



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.² 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.³

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 taxes and charges. In 2023-24, Victorian mining paid \$39 million in state government payments and over \$200 million in Australia wide taxes. Mining and exploration also paid \$5.8 million in regulatory fees to the Victorian Government.

Including increases in coal royalties and a new gold royalty, around \$200 million in new costs have been imposed on the industry since 2017.

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

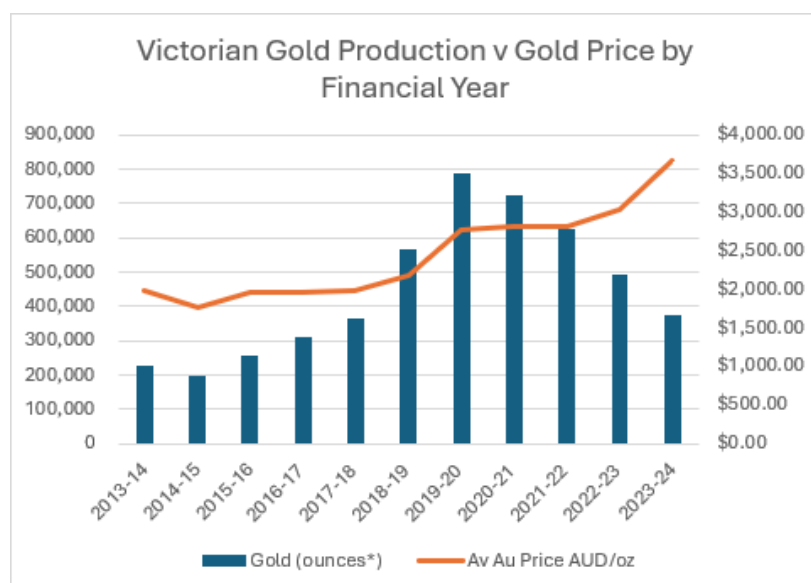
Victoria as a whole has a less diverse than the capital region of Melbourne. Many prospective areas of regional Victoria for mining experience higher levels of economic disadvantage in terms of household income, disengagement with school and employment, gross regional product and population growth compared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

Future mineral sands and rare earths projects in the Wimmera, Mallee and Loddon Murray regions are in areas with declining populations and ageing demographics. A number of Local Government areas in Northwestern Victoria areas have recorded declines in population.

The development of Victoria's resources is an important way to build a fairer state with more economic opportunities for regional Victorians to support regional growth.

A threat to Victoria's mining future

Statistics from ERR show that there is a sustained fall in Victorias gold mine production since 2020 despite a sustained gold price increase over the same period.



² [Deloitte Access Economics Mining and METS: engines of economic growth and prosperity for Australians](#), Report prepared for the Minerals Council of Australia, 2017.

³ *ibid.*

This sustained fall in production is accompanied by a sustained fall in minerals exploration expenditure in Victoria (latest ABS exploration expenditure statistics) since its peak in 2021.



When taken together this indicates that there is a strong probability that mined gold will not be replaced by new discoveries in the short to medium term. Victoria urgently needs sensible reform to arrest the decline in gold production by encouraging more exploration and efficient approvals for existing mines to expand and potential mines to commence.

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
- Maintain funding for the Resources Victoria Approvals Coordinator
- Expand Mining Warden powers to ERR

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

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.

Policy settings in Victoria are not competitive and approvals processes need to be efficient if Victoria's is to realise its minerals potential. The Fraser Institute report on global exploration and mining investment perceptions and investment competitiveness ranks Victoria last in Australia, and 48th out of 86 global jurisdictions on investment for mining.⁴

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.

Maintain funding for the Resources Victoria Approvals Coordinator (RVAC)

The introduction of RVAC in 2023 on the MCA's recommendation has been strongly welcomed by industry and is providing crucial assistance to help complex projects subject to multiple layers of regulation to navigate approvals processes.

Continued funding, and the expansion of RVAC with the critical mineral coordination office, is playing an important role to streamline coordination and facilitation of projects through a single-entry point for projects. The reward for the state in reducing duplication in regulations and speeding up approvals will be more jobs, investment and royalties paid by industry as projects proceed on faster timeframes which meeting all current regulatory objectives.

Expand Mining Warden role to improve ERR timeframes

The Mining Warden plays the essential role to outline a path for explorers and landowners to come to agreements as a neutral mediator with expertise in mining law.

With a growing industry and more exploration taking place across the state, an extension in the powers of the Mining Warden and proper resourcing is more crucial than ever to public confidence and facilitating sensible land access outcomes for industry and landowners.

⁴ Fraser Institute Annual Survey of Mining Companies 2023, May 2024.

The Mining Warden's facilitation and mediation role needs to be extended to ERR process on licences with applicants. The Mining Warden must be able to act to resolve matters where ERR does not meet statutory timeframes or engage in good process on licencing processes to encourage more efficient processes in ERR. This should be linked to fee and charges increases to ensure better service delivery from ERR (see below).

Clarification that the Mining Warden can hear a dispute between a licence applicant and the Minister's delegate (ERR) to ensure that the Mining Warden can hear a dispute between a licence applicant and ERR, including work plan disputes.

This is critical given ERR's poor track record in meeting its own key performance indicators in recent years. In 2023-24, barely half (59 per cent) of exploration licence applications and variations were approved within the statutory timeframe. Only 81 per cent of work plans were met within the statutory timeframe, falling well short of the 95 per cent target.

Frequent lack of adherence to statutory timeframes by ERR will be improved through clarification of and addition of Mining Warden powers to increase transparency and accountability of ERR in exercising its power.

The Mining Warden's mediation role for landowners and explorers could be further expanded to provide a factual landowner information service for landowners, farmers and community members. This would operate in a similar fashion to the South Australian Rural Business Support office which provides free and impartial information to on resources exploration, mining and quarrying laws. The Victorian Government should consider working with industry and community groups to implement this service.

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
- 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 data 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
- Produce deposit model studies of mineral 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 mineral 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.

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, high purity 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.

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 grants program was allocated in the 2023 Budget but has never been implemented.

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.

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.

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

Victoria should 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 antimony and for rare earths. Strategic investment in common use infrastructure for mining and other industries such as agriculture including water pipelines, and road and rail corridors, in addition to identifying specific areas of competitive advantage for Victoria, such as antimony refining, need to be supported to ensure that Victoria maximises the benefits of mining.

MCA Victoria has welcomed the work by Resources Victoria to investigate impediments to value adding of Victoria's rare earths resources including infrastructure requirements. Common and shared infrastructure must be emphasised over grants to individual companies and government 'picking winners'.

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.

3. Reform fees, taxes and royalties

Budget measures:

- Reform Victoria's gold royalty so that it is fit for purpose:

- Introduce an exploration offset to remove distortions against investing in exploration
- A royalty phase-in for new mines to reduce cash flow impacts in the early years and reduce impacts on small growing mines
- Delay regulatory fee increases on Victorian explorers and miners until the 2027 MRSDA reforms are implemented and make contingent on more efficient licencing reform
- No royalty increases on other minerals.

Victoria's gold royalty, applied from 1 January 2020, is flawed. It does not reflect Victoria's unique geology of narrow vein mining and mining costs. It is uncompetitive with other states and discourages a marginally profitable mine from continuing to operate ultimately resulting in earlier closure.

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.

An exploration offset 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

Proposed increases in Resources Victoria 'cost recovery' fees for explorers and miners risk reducing exploration spending and mineral discoveries in Victoria.

Higher fees simply increase costs for exploration. Every dollar in government fees, charges and taxes are a dollar less put into the ground in exploration.

In 2023-24 mining paid \$1 million in regulatory charges, and \$4.8 million in rents - up 160 per cent from 6 years ago. Despite this, Victoria still languishes in the Fraser Institute annual report rankings as consistently the worst state in Australia on industry perceptions of mining regulation efficiency.

The industry incurred fee and charge increases on explorers between 2015-17 including new 'rents' on exploration, retention and mining licences. There was no noticeable improvement in regulatory performance or speed by the regulator ERR.

Victoria now charges the highest exploration licence application fee of any state or Territory, and the second highest exploration licence renewal fee.

The 'rent' charge on exploration licences set a minimum cost of \$5,000 scaling up to around \$90,000 over five years depending on the area. Various other new fees and charges were also imposed from

2015 on applications, variations and transfers under the cost recovery model for ERR on all industry participants.

The standard government principle of full cost recovery for exploration and mining regulation is not sound in the case of resources exploration or extraction. Unlike regulation of other industries or activities, minerals exploration companies are licenced by the state to search for minerals owned by the Crown for the Victorian people.

A similar principle applies to mining the states resources for which a royalty is paid for their extraction into general revenues. This is the fundamental difference that the fee regime must reflect for exploration and mining regulation through partial cost recovery for government owned resources and keeping an eye to competitive fees with other states competing for exploration investment.

Further, the exploration of Victoria's minerals has broader economic benefits that the state should encourage and punish through high regulatory fees. A one size fits all approach of full cost recovery of all regulatory activities is short sighted and ignores the importance of uncovering Victoria's geology which is done by junior explorers with no revenue but licenced by the state.

Fee increase would come on the back of royalty increases and at a time of difficulties raising capital on the market for exploration. The timing could not be worse.

Charges on explorers with no income will reduce incentives to invest in exploration in Victoria, and result in less metres drilled under exploration projects which have set amounts raised on capital markets to devote to Victorian exploration programs.

Regulatory improvements with the recent approvals coordinator and Resources Victoria structure are only part way through. Until these reforms including the work plan reform in the MRSDA, RAMS, and a new licencing system are implemented there should be no fee changes to give an accurate picture of the ERR cost base and ensure fees reflect actual regulatory regime going forward.

Fee increases must also be linked to service improvements and be delayed until after 2027 when MRSDA reforms become effective. The timing should be delayed given that the MRSDA is going through significant reforms to be implemented in 2027 which will remove work plans and replace them with a less process intensive duties-based model of regulation which will involve lower regulatory costs.

Fee increases also need to be looked at in the broader context of Victoria's licencing regime which requires significant reform to simplify the process and reduce ERR regulatory costs that involve wasted time and effort. The current licencing framework is complex for no benefit to the community. This must be reformed first with fees to reflect the ongoing costs under a streamlined system more aligned to other states.

The current minerals licencing framework is almost a decade old and is not meeting its objectives in an efficient way. The regime is overly prescriptive and inflexible. The compulsory relinquishment requirements result in the surrender of 25% of area only two years after granting the licence and a further 35% in Year four - before the licence expires at year five. No other states have such harsh compulsory surrender requirements.

Victoria urgently needs a framework with licence periods that reflect Victoria's geological characteristics and approvals process timeframes which would reduce wasted regulatory effort on compulsory relinquishments and reduce renewal and application turnover of licences.

Fairer and more equitable fees that reflect the unique nature of exploration are required. A new fee structure and rates need to incentivise exploration and responsible mining and reflect the actual cost of different regulatory activities so that fees are aligned to regulatory effort and do not impact activities such as exploration which have broader positive economic benefits to the state.

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
- Pilot a geoscience course in 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 2026. 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.⁵

Introduce a geoscience elective into the VCE curriculum

Victoria's VCE curriculum provides minimal opportunity for students interested in earth science. A government pilot geology course would 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 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. With 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.

Earth science and mining career initiatives in Victorian secondary schools

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 Secondary Schools Agriculture Fund should be expanded to include resources to increase the number of young people pursuing training and work in primary industries including both agriculture and mineral resources which operate in the same areas and have similar skills needs.

An expanded program to cover all primary industries would include funding to develop a Vocational Major in Mining program, 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.

The Victorian Government's Critical Minerals Roadmap commits to partnering with industry to on skills development to support local jobs and industry needs.

⁵ [Victorian Regional Skills Plan Update](#), October 2023.

Partner with MCA Victoria programs to support regional skills and careers awareness

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.

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 1000 students from over 30 schools to Victoria's operating gold mines.