

MINERALS COUNCIL OF AUSTRALIA

VICTORIAN DIVISION

PREBUDGET SUBMISSION 2026

EXECUTIVE SUMMARY

Victoria's minerals industry can drive future regional and state development. A growing minerals exploration, mining and mining services sector creates more diverse regional economies with higher wages, more full-time jobs and greater support for local business.

Efficient government approvals, regional training opportunities, competitive taxes and circular economy processing investment are 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

- Provide permanent funding for the office of the Resources Victoria Approvals Coordinator
- Improve community engagement by expanding the Mining Warden's role to provide impartial information to the community

2. Make Victoria a leader in critical minerals processing technology and support regional infrastructure

- Co-fund research & development of circular economy processing pilot plants
- Invest in infrastructure in growing mining regions

3. Competitive fees, charges and taxes

- Return a share of royalties to regional LGAs
- Reform Victoria's gold royalty
- Minimise ERR fee impacts on exploration

4. Build a mining skills pipeline from schools

- Pilot a VCE geology unit to increase earth sciences in the secondary curriculum
- Fund an Australia first Mining VCE Vocational Major to provide pathways from school to mining
- Expand the Secondary Schools Agriculture Fund to mining and partner with MCA Victoria programs to support regional careers awareness.

Victoria requires a strong economic growth agenda to address state debt. Developing Victoria's resources projects will spread economic growth opportunities to the regions and build on the state's strengths in advanced manufacturing in the Mining Engineering, Technology and Services (METS) sector.

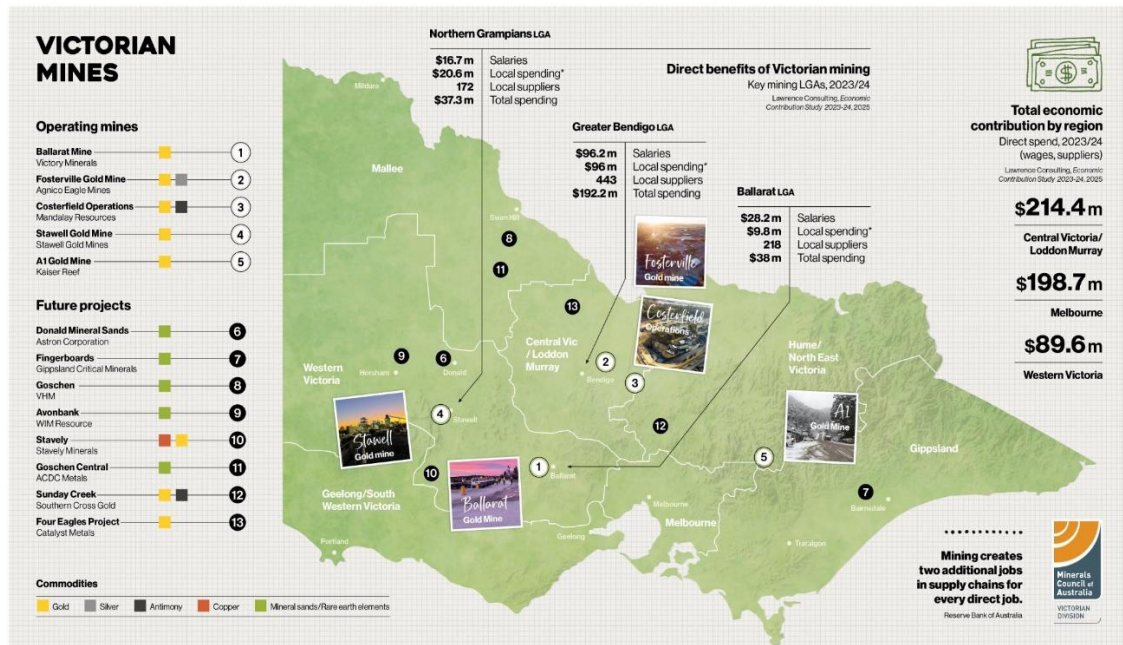
Victoria's minerals industry welcomes the inclusion of mining and critical mineral processing as a priority growth sector in the Economic Growth Statement, backed by the Critical Minerals Roadmap. However, there is no shortage of resource projects across Australia and around the world. Victoria needs 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.

MINING – CRITICAL TO REGIONAL DEVELOPMENT

Mining and exploration play 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.



Victorian mining supports regional Victorian jobs and business

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

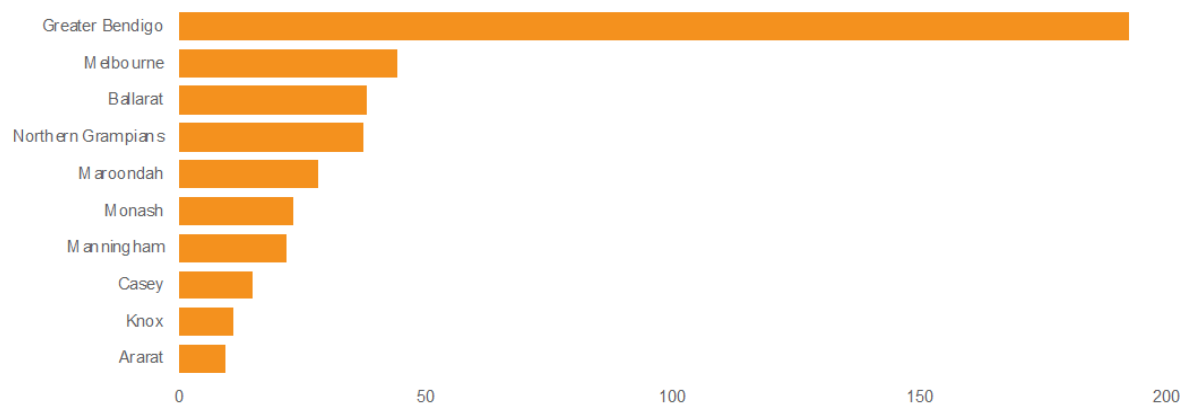
Victorian mines spent \$570 million dollars in Victoria in 2023-24 comprising:

- \$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 workers in the Bendigo region, Ballarat and Stawell and more than half of Victorian mine supplier spend is in regional Victoria. Regions hosting mines around Bendigo, Stawell and Ballarat benefit the most for local mines.

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. It is core business for mining to adopt new technologies in the pursuit of more productive, safe and environmentally sustainable operations. Victoria can grow jobs in minerals processing, environmental services and engineering in Melbourne, Bendigo, and Ballarat.

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.

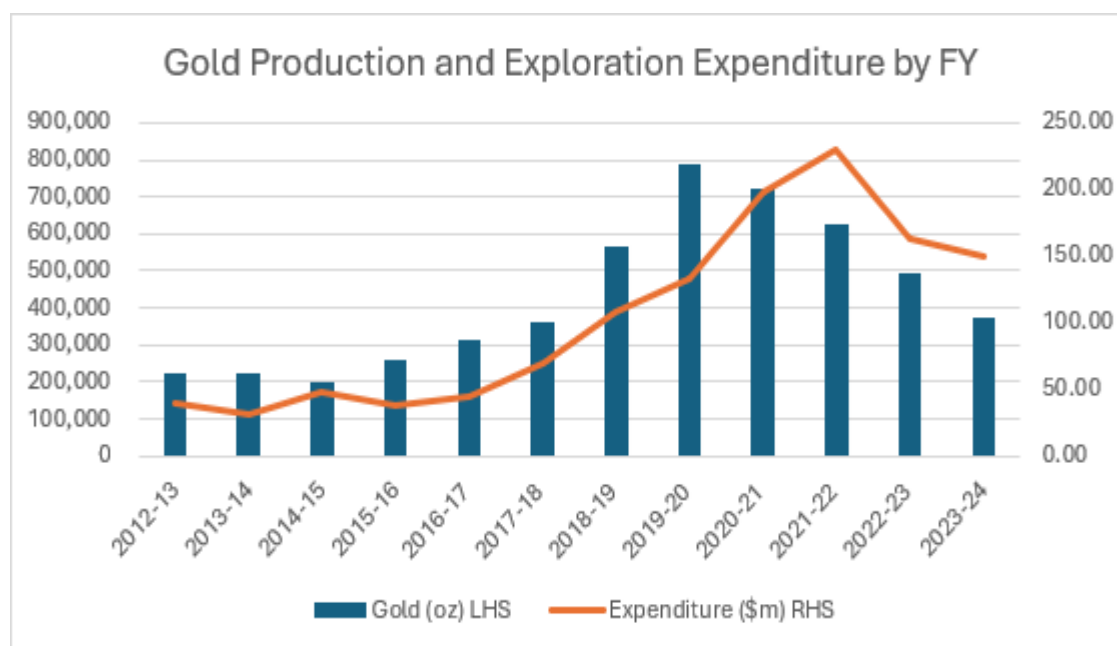
A growing mining industry will improve socio economic measures in the regions

Many developing minerals regions 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.

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

There has been a sustained fall in Victoria's gold mine production since 2020 accompanied by a sustained fall in minerals exploration expenditure in Victoria since its peak in 2021.



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 in the short to medium term. Victoria should have the objective of 1 million oz of gold by 2035 which is possible with mine expansions and two new gold mines in the medium term.

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 growth.

The following are the priority actions that can support Victoria's regional economy into the future.

1. IMPROVE APPROVALS TIMEFRAMES

Budget measures:

- Provide permanent funding for the Resources Victoria Approvals Coordinator (RVAC)
- Expand Mining Warden powers to provide factual community support and information.

Detail

Provide permanent funding for the Resources Victoria Approvals Coordinator (RVAC)

The introduction of RVAC in 2023 is providing crucial assistance to help complex projects subject to multiple layers of regulation to navigate approvals processes. Strategic project facilitation support through RVAC for mining projects is providing certainty of process for viable minerals projects and support the creation of new jobs and investment in regional communities.

Permanent funding will reduce turnover and ensure consistent facilitation for long term projects throughout the approval processes and cement Victoria's reputation as enjoying the strongest government coordination through a single-entry point.

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 regulatory objectives and community standards.

Expand Mining Warden role to provide impartial information to the community

The Mining Warden's mediation role for landowners and explorers should be 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. MAKE VICTORIA A LEADER IN CRITICAL MINERALS PROCESSING TECHNOLOGY AND SUPPORT REGIONAL INFRASTRUCTURE

Budget measures:

- Co-fund research & development of circular economy processing pilot plants
- Invest in infrastructure in growing mining regions.

Details

Co-fund research & development of circular economy processing pilot plants

Developing infrastructure needs for antimony, mineral sands and rare earths separation and processing will help ensure Victoria can build on its education, research and manufacturing strengths to be a leader in minerals processing technology.

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.

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.

Invest in infrastructure in growing mining regions

New and upgraded infrastructure is required to support regional industries and exporters including mineral sands mining projects in Norther Western Victoria. Priorities are investments in the water network into the west Grampians region, and road and rail connectivity to the Ports of Geelong and Portland.

The State Government should work with Greater Wimmera Water and rail infrastructure to increase the efficiency and capacity of the rail network to reduce road usage and benefit of a number of regional industries reliant on port access for export and the freight hubs at Ultima and Dooen. Undercover facilities for storage of minerals sands at the Port of Geelong and direct rail access into the Port of Portland need to also be considered to increase port handling efficiency.

Critical infrastructure also includes Workforce, education and training which is covered below.

3. REFORM FEES, TAXES AND ROYALTIES

Budget measures:

- Reform Victoria's gold royalty so that it is fit for purpose by:
 - Introducing 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
- Return a share of royalties to regional LGAs
- Minimise ERR fee impacts on exploration

Details

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.

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.

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.

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.

It is uncompetitive with other states and discourages a marginally profitable mine from continuing to operate ultimately resulting in earlier closure. 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.

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.

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.

Further, a royalty is paid for the extraction of minerals 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.

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 through mineral discoveries.

Return a share of royalties to regional LGAs

Royalties from mining projects should be returned to Local Government areas hosting mining to support infrastructure and communities. Royalties could be utilised for infrastructure used by mining and all community members as outlined above. MCA Victoria supports LGA input to funding opportunities.

4. BUILD A WORKFORCE FOR MINING IN REGIONAL VICTORIA THROUGH A MINING SKILLS PACKAGE

Budget measures:

- Fund an Australia first Mining VCE Vocational Major to provide pathways from school to mining
- 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.

Details

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.¹

Mining VCE Vocational Major to provide a pathway in trades from school to mining

The Victorian initiated 'Pathways to Mining' course, developed by the MCA, AWU and Victorian Skills Authority, is aimed at providing a pathway for entry level role to Victorian mines. Final development of the course is in progress supported by the Victorian Government.

The course will help address the 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

¹ [Victorian Regional Skills Plan Update](#), October 2023.

poor uptake of mining engineering, geology and metallurgy courses at university in line with broader challenges to Science, Technology, Engineering and Mathematics courses.

Further funding to build the course into a VET delivered course to secondary students (VETDSS) will consolidate Victoria's reputation as 'the education state' by allowing students in Years 10, 11, and 12 to receive workplace skills directly relevant to the growing industry of mining which employs over 300,000 Australians (around the same as agriculture) in high paying jobs in Australia's biggest exporting sector. The growing in demand for critical minerals for modern technology and electrification make the skills supply to this vital sector all the more important.

MCA Victoria seeks to work with government to ensure the Mining Pathways course can be delivered in regional campus to align skills with regional industry demand and expand the course to all secondary students in an AUstralia first secondary school delivered qualification.

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 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.

Develop earth science 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 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 sector to ensure Victoria has the skilled workforce for future developments in critical minerals mines.

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