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Resources Victoria
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Via email: heather.hawkins@deeca.vic.gov.au

Cost recovery for minerals and extractive industry - fees review

Dear Heather

Cement Concrete & Aggregates Australia (CCA) welcomes the opportunity to provide comments on the Regulatory Impact Statement (RIS) Proposed Mineral Resources (Sustainable Development) (Extractive Industries) Amendment Regulations 2025.

CCA is the voice of the heavy construction materials industry in Australia.

Our members operate cement manufacturing and distribution facilities, concrete batching plants, hard rock quarries and sand and gravel extraction operations throughout the nation. CCA membership produce the majority of Australia's cement, concrete and aggregates, and ranges from large global companies to SMEs and family operated businesses.

It generates approximately \$15 billion in annual revenues and employs approximately 30,000 Australians directly and a further 80,000 indirectly. The Heavy Construction Materials Industry is vital to the nation's building and construction industries and underpins the development of Australia's physical infrastructure.

CCA has completed the survey via the Engage Victoria website but need to provide additional material to fully outline our position on this important issue.

CCA **does not support** the uniform increase of fees across all categories and makes the following comments:

Issues with the current RIS proposal

1. CCA **does not support** the extreme level of the proposed increase in fees of 234 per cent.

CCA understands that fees may not have increased since 2014, but the quantum of the increase does not reflect price increases since that date. The Melbourne CPI increase for this corresponding period is circa 32 per cent, significantly less than the proposed increase.

2. CCAA **recommends** that the RIS needs to consider a holistic, whole of system approach to the level of regulatory charges experienced by industry. Recent input cost increases for industry include an average 42 per cent increase in WorkCover premiums in 2023 together with other input cost increases to industry such as other Government taxes, labour, transport and energy. When this is combined with increased market uncertainty in a highly competitive marketplace on a material with tight margins, the proposed extreme fee increases further threatens the commercial viability of operations and drives potential investment in the industry interstate.

Any additional costs to operators will invariably be passed onto customers, leading to increased costs of quarry materials contributing to less affordable homes, less affordable roads and a less affordable Big Build.

3. As stated on page 48 and Appendix 2 of the RIS, *'the proposed changes will result in (generally) higher fees in Victoria compared to other jurisdictions'*. for similar regulatory approvals and annual rents. This is another driver to direct investment away from Victoria and into other jurisdictions. In addition to Appendix 2 of the RIS, additional examples of broadly equivalent, **lower** extractive industry fees in some other jurisdictions are summarised in the table below:

Fee Event	Victoria	Tasmania ¹	South Australia ²
Annual Rent	\$1,522 – \$45,629	\$1,810 ³	\$4,325 ³
Tenement Application Fee	\$4827	\$1,608	\$3,023
Work Plan Application	\$6,731 - \$134,583		\$1,307 - \$6,530
Work Plan Variation	\$6,239 - \$124,766		\$1,122 - \$5609

4. CCAA **does not support** Option B as presented in the RIS which has a varied percentage increase in fees and additional fee thresholds above \$10 million in sales for the work authority annual fee. The RIS states that *'large extractive businesses generally create more regulatory effort'*. Regulatory effort should be based on risk, not size of operation, and it could be argued that the well-developed risk management systems of larger operations reduce the compliance risk of these sites compared to smaller sites.
5. CCAA **recommends** that fees and charges should only be increased when there is a demonstrated improvement in service, as supported by Anna Cronin in the 2017 [Getting the Groundwork Right](#) report. Whilst there has been signs of some recent improvements in time to gain approvals, Work Plan approvals and Work Plan Variations have overall become increasingly lengthy and expensive. Much of this cost is associated with the delays in processing by Earth Resources Regulation. Quarterly [reports](#) issued by Resource Victoria which show applications being processed within statutory time frames are not reflective of reality. The *Earth Resources Regulator Extractive Performance Report 2024-25 Q3* report indicated that for 2024-25 year to date:

¹ https://www.mrt.tas.gov.au/exploration/fees,_rents_and_royalties

² https://www.energymining.sa.gov.au/__data/assets/pdf_file/0020/1010738/Mining-Fees-Schedule-Effective-1-July-2024-FINAL.pdf

³ For a Victorian average sized Work Authority of 64 ha.

- a. It took a median **536** days for 5 primarily regional, relatively small resource Work Authority's to be granted.
- b. It took a median **379** days for 7 initial Work Plans to be approved.
- c. It took a median **645** days for 2 Work Plan Variations to be approved.

These are not the outcomes of an efficient regulator or an efficient approval process.

- 6. The thresholds for annual payments for Work Authorities have not increased since 2013.
- 7. The cost for the service (such as work plan/work plan variation lodgement fees) is required to be paid well before the benefit (approval) is delivered, with high uncertainty of the approval being delivered within a commercially reasonable period.

Recommended solutions for a reformed fees and charges system

- 8. CCAA **recommends** any increase in fees should align with the CPI increase since the last fee increase in 2014, i.e. 32 per cent.
- 9. CCAA **recommends** any increase in fees is delayed until the new duty-based reforms to the *Mineral Resources (Sustainable Development) Act* (MRSDA) are implemented and an understanding of the efficient regulatory cost base under this new regime is understood. The current RIS has regulatory cost estimates derived from 2013-2014 data, '*which are the best currently available estimates of regulatory effort for the regulator's activities*'⁴. This is more than 10 years out of date. The RIS **does not** provide a valid efficient cost basis to support the proposed increase in fees and hence is not valid. The number of people working in Resources Victoria is expected to decrease next financial year as whole of Government austerity measures are rolled out and the benefits of the work the Resources Victoria Approvals Coordination unit are better materialised with hopefully shorter approvals time frames. This lower cost basis should be considered in any RIS, not historically high resource levels as in the past.
- 10. CCAA **recommends** that any increase in fees (costs) should only be implemented when there is a demonstrated improvement in benefits such as significantly shorter end to end approval timeframes for the majority of development applications.
- 11. CCAA **supports** Option 2 in the RIS – lower fees for the extractive industry compared to the mining industry which has high risk and more complex mines requiring greater regulatory effort. The RIS states that this option could not be fully considered due to the lack of up-to-date data. CCAA **recommends** that Resources Victoria captures up to date data that reflects actual regulatory effort **now** instead of charging extractive industry **more** without supporting evidence.
- 12. CCAA **recommends** that any increase in fees is phased in over several years, as has been the case for previous fee increases. This would permit businesses to plan for the increased fee and reduce 'fee shock'.

⁴ Page 4, Regulatory Impact Statement Proposed Mineral Resources (Sustainable Development) (Mineral Industries) Amendment Regulations 2025 and Proposed Mineral Resources (Sustainable Development) (Extractive Industries) Amendment Regulations 2025

13. CCAA **recommends** that a full comparison to interstate fees is used to help inform the review of fees and that the fees set should be broadly similar to interstate fees and charges to attract investment into Victoria.
14. CCAA **recommends** the thresholds for annual payments for Work Authorities are increased to accommodate bracket creep since 2014. The fee thresholds have not changed since at least 2014 so should be updated. CPI has increased by about 32 per cent since that time, so to reflect parity to the original fee thresholds, the proposed new thresholds should also increase by about 32 per cent. The proposed new bands should be practical and be rounded off to major numbers as per the below table.

Current threshold of gate value of total sales	Proposed new threshold of gate value of total sales
\$0 to \$100 000	\$0 to \$150 000
\$100 001 to \$500 000	\$150 001 to \$700 000
\$500 001 to \$1 000 000	\$700 001 to \$1 300 000
\$1 00 001 to \$5 000 000	\$1 300 001 to \$6 500 000
\$5 000 001 to \$10 000 000	\$6 500 001 to \$13 000 000
More than \$10 000 000	More than \$13 000 000

The RIS states that any net benefits for Option B which considers changing the fee thresholds were quite small owing to greater complexity of the fee structure. CCAA are not proposing any increase in complexity of the fee structure so this would increase the net weighted score of Option B and provide benefit to the industry.

15. CCAA **does not** support the introduction of new value thresholds above a gate value of total sales of \$10 million.
16. CCAA **supports** the **option** of paying annual fees on a more regular basis, but only if there is a significant discount for annual fees due to the lower administrative burden borne by Resources Victoria in managing annual payments compared to issuing invoices quarterly.
17. CCAA **recommends** the majority of the proposed fee should be paid at the approval of a Work Plan Variation or the grant of the Work Authority, not on application. It is at approval/grant that industry receives the benefit. The grant of a Work Authority is the last step in the quarry approval chain and is a relatively simple bureaucratic step. It is only at this stage that the industry derives the benefit from all the hard work, costs and time from the previous work plan/planning permit approval process. It is a similar situation for a Work Plan Variation. Focusing cost recovery at the end of the approval process will help drive improvements in the quarry approval process for the benefit of Government and industry and help to deliver a performing Earth Resources Regulation branch.

18. CCAA **recommends** that any fee increase is proportionally more for activity based regulatory activity, such as work plan or work plan variation approvals, and proportionally less for annual fees.

CCAA **supports** a new RIS that outlines a fairer fee structure that encourages investment, aligns with other states, and reflects actual regulatory costs and benefits.

Victoria's regulatory environment needs to be internationally competitive to continue to attract capital to invest into Victoria to ensure a sustainable and competitive heavy construction materials industry. This in turn facilitates Victoria's improved productivity, housing affordability and lower infrastructure costs.

Affordable quarry materials support affordable infrastructure, roads, houses and economic growth.

CCAA looks forward to continuing to work with Government to address this important issue.

To discuss this further, please contact Roger Buckley, State Director, Victoria and Tasmania roger.buckley@ccaa.com.au.

Yours sincerely

MICHAEL KILGARIFF
Chief Executive Officer