

8 September 2025

Ms Cheryl Batagol  
Chair  
Quarry Rehabilitation Bond Panel  
c/o Resources Victoria  
Department of Energy, Environment and Climate Action  
Level 9  
8 Nicholson Street  
Melbourne 3002

Via email to [maxine.loynd@deeca.vic.gov.au](mailto:maxine.loynd@deeca.vic.gov.au) :

Dear Ms Batagol

### **Victorian Quarry Rehabilitation Bond Review**

Cement Concrete & Aggregates Australia (CCAA) welcomes the opportunity to provide comments to the Quarry Rehabilitation Bond Panel on the review of the current settings for rehabilitation bonds for quarry operators in Victoria.

CCAA 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. CCAA members produce the majority of Australia's cement, concrete & aggregates, and ranges from large global companies to SMEs and family operated businesses.

Representing an industry that generates \$15 billion in annual revenues and contributes to the employment of approximately 110,000 Australians, CCAA supports effective community and stakeholder engagement to ensure a sustainable industry.

CCAA has advocated for a review and modernisation of the current rehabilitation bond framework since at least 2011 to reduce unnecessary costs and red tape for quarry operators.

The design and application of a modern rehabilitation bond framework should seek to encourage positive environmental outcomes and repurposing of sites, while allowing for investment and the cost-effective extraction of vital resources. Whilst many First World international jurisdictions have similar rehabilitation bond systems to Victoria's, many of these jurisdictions also offer a range of financial assurance models that provide flexibility for the operator whilst satisfying the risk to government.

Cost pressures on quarry operators are intensifying as demand for construction materials rises, with forecasts projecting demand to reach 93 million tonnes by 2034. The industry is already absorbing significant increases in input costs, including Resources Victoria's proposed 234 per cent rise in quarry fees, an average 42 per cent increase in WorkCover premiums in 2023, and escalating government taxes, labour expenses, transport, and energy costs.

In a highly competitive market where operating margins are already constrained, additional cost burdens from changes to the bond framework would further undermine commercial viability. Such pressures risk discouraging investment in Victoria's extractive industry and incentivising capital to shift interstate, ultimately threatening supply security and affordability of essential materials.

More details are provided in Appendix 1.

In **summary**, CCAA supports a risk-based rehabilitation regime that is consistent with the impacts of the operation that balances positive environmental and community outcomes with operational and commercial realities.

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.

To discuss this submission further, please contact Roger Buckley, State Director Vic/Tas at [roger.buckley@ccaa.com.au](mailto:roger.buckley@ccaa.com.au).

Yours sincerely

**MICHAEL KILGARIFF**  
Chief Executive Officer

## APPENDIX 1

### DETAILED COMMENTS ON REHABILITATION BOND FRAMEWORK

#### Issues With the Current Rehabilitation Bond Framework

- Positive reforms in rehabilitation have been promised since 2011 but with no real reform to date.
- Does not adequately recognise the lower risk profile and smaller scale of extractive industry compared to mining operations.
- There is a long time between Resources Victoria bond reviews.
- The significant increases in bond levels between reviews causes financial shock to the operator.
- Bond assessments and reviews by Resources Victoria using the Bond Calculator often overestimates the liability.
- Companies can obtain lower rates than those included in the Bond Calculator due to contractors over quoting for Government work compared to quarry operators who may have a long-standing relationship with contractors.
- Timing and uncertainty to negotiate reasonable bond outcomes rather than Resources Victoria providing a reasonable figure initially can erode trust in the regulator.
- The bond is held as a liability on the company balance sheet which limits available capital for the company to reinvest in the operation. The \$120 million of bonds currently held by Government for Victoria's extractive industry is a significant pool of funds that could otherwise enable additional, productive economic activity for the state.
- Bonds are assigned on a site-by-site basis rather than incorporating a risk based, 'discounted company portfolio-wide' approach.
- There is not a defined, time limited, practical pathway for bond returns.
- The current framework does not value the assets of the site/company to offset the rehabilitation liability, e.g. assets include the quarry void, value of clean filling activities, remaining resource, land value if sold, available plant and equipment, etc.
- Need to change the mindset of the regulator from *rehabilitation means safe and stable, revegetated sites* to an innovative, repurposed land use.
- It is not always practical to define in detail the rehabilitation concept early in the life of the operation as community expectations and commercial reality may change over the 20 year+ life of a quarry, and hence, difficult to define the required bond.
- A large bond is required on Day 1 of the operation when liability for the State is at its lowest.
- The current 'one size fits all' approach is not aligned with the incoming, risk and duty-based *Mineral Resources (Sustainable Development) Amendment Act 2023*.
- It is not consistent with other financial assurance frameworks operating under duty-based legislation. For example, the EPA accepts a range of [financial assurance](#) including bank

guarantees, performance/surety bonds, security over land and other assets, mutual fund, accumulating third party trust fund or a letter of credit.

### **New Rehabilitation Bond Framework Should Follow These Principles:**

- Risk based so that lower risk operators can access lower bonds or discounted liability and be able to access a broader range of financial assurance options.
- Risk level could be assigned by assessing a range of criteria such as:
  - Up-to-date rehabilitation liability.
  - Declared quarry or not.
  - Code of Practice quarry or not
  - Several years of production remaining.
  - Operator is financially viable, tested via company credit rating or audited financial statement.
  - Good record of regulatory compliance.
  - Implementing progressive rehabilitation.
- Financial assurance should reflect the stage of development, e.g. new sites with less environmental/rehabilitation liability should have a lower bond than sites closer to end of life.
- The required financial assurance should only be required for the existing disturbed footprint, **not** as per the current situation of the full the rehabilitation liability based on the works specified in the approved work plan. The disturbed area could be self-reported by the operator annually, as per the [Western Australia](#) bond framework.
- Reward progressive rehabilitation.
- Range of financial instruments available such as a bank guarantee, third-party surety bonds, insurance policies or discounted company portfolio-wide guarantee.
- Company-wide liability with a discounted financial assurance for lower risk operators instead of a site-by-site bond.
- The rehabilitation liability should be offset by the value of the assets of the site/company, e.g. assets include the quarry void, value of clean filling activities, remaining resource, land value if sold, available plant and equipment, etc., similar to how the EPA values the airspace on unfilled cells in calculating their financial assurance for landfills.
- One option that could be considered is for Government to establish and industry wide central pooled fund. It would never be envisaged that more than 10 operations would become insolvent at any one time so the funds within the pool will build over time and be sufficient to cover abandoned sites. The pool would have the following aspects:
  - Annual levy paid into the fund.

- Levy rate set at less than the commercial bank guarantee rate, say 0.5% of the rehabilitation liability. Note that 0.5% is consistent with the rate EPA apply to operators with a good track record and credit score through a bank guarantee.
  - The calculation of the rehabilitation liability amount is risk based
  - The Fund's principle is available only to rehabilitate abandoned sites, NOT part of Government's consolidated revenue.
  - Interest from the Fund IS available to be part of Government's consolidated revenue.
  - Access to the fund is risk based.
- Limit the risk of free loaders e.g., unreputable operators that walk away at the end of life leaving a rehabilitation liability for the central fund to correct. This impacts the social license of all the industry and does not provide a level commercial playing field. One way to address this issue is for only low risk sites to have access to a reduced liability or payment into a central fund.
  - Should not increase the administrative burden on industry or the regulator.
  - Incentivises best practice. The case studies presented in the 2021 Resources Victoria publication [New Lives for Old Quarries](#) should be encouraged rather than be the exception.
  - Required financial assurance should free up capital for reinvestment in operations and jobs, which better enables management of the risks the bond program seeks to eliminate.
  - Promotes *Repurpose* rather than Rehabilitation.
  - The return of the rehabilitation bond should be on the completion of successful rehabilitation which is clearly defined by agreed SMART (Specific, Measurable, Achievable, Relevant, and Time-bound) KPIs.

In **summary**, CCAA supports a risk-based rehabilitation regime that is consistent with the impacts of the operation that balances positive environmental and community outcomes with operational and commercial realities.