

Carolyn Jackson
Deputy Secretary, Regions, Environment, Climate Action and First Peoples
Department of Energy, Environment and Climate Action
Level 5, 8 Nicholson Street
EAST MELBOURNE VIC 3002

7 August 2025

Dear Ms Jackson,

**REGULATORY IMPACT STATEMENT FOR THE TOUR OPERATOR LICENCE FEE
REGULATIONS 2025**

I would like to thank your staff at the Department of Energy, Environment and Climate Action (the Department) for working with the team at Better Regulation Victoria to prepare a Regulatory Impact Statement (RIS) for five sets of Tour Operator Licence Fee Regulations 2025.

The Commissioner for Better Regulation is required to provide independent advice on the adequacy of RISs in accordance with the Subordinate Legislation Act 1994 Guidelines (the Guidelines). However, the office of the Commissioner for Better Regulation is currently vacant and, in accordance with the Guidelines, responsibility for providing advice falls to the Secretary of the Department of Treasury and Finance or their delegate. The Secretary has delegated this responsibility to me in my capacity as Deputy Secretary, Economic.

A RIS is deemed to be adequate when it contains analysis that is logical, draws on relevant evidence, is transparent about any assumptions made, and is proportionate to the proposal's expected effects. The RIS also needs to be written clearly so that it can be a suitable basis for public consultation.

I am pleased to advise that the final version of the RIS received by us on 4 August 2025 meets the adequacy requirements set out in the *Subordinate Legislation Act 1994* (the SLA).

Background and problems

The Department estimates that 700 licenced tour operators (LTOs) operate in Victoria facilitating tours across the State including boat, coach and sightseeing tours, and fitness activities including bushwalking, surf education and mountain bike riding. Five separate Acts require commercial tour operators operating on public land to be licensed and five corresponding sets of Regulations under these Acts enable fees to be charged to LTOs:

Act	Corresponding Regulations
<i>Crown Land (Reserves) Act 1978</i>	Crown Land (Reserves) (Tour Operator Licence Fee) Regulations 2021
<i>Forests Act 1958</i>	Forests (Tour Operator Licence Fee) Regulations 2021
<i>Land Act 1958</i>	Land (Tour Operator Licence Fee) Regulations 2021
<i>National Parks Act 1975</i>	National Parks (Tour Operator Licence Fee) Regulations 2021
<i>Wildlife Act 1975</i>	Wildlife (Tour Operator Licence Fee) Regulations 2021

The Department notes that the current fee structure for tour operator licences (TOL) was set in 2011, and is based on a model to recover 75 per cent of the costs of licensing delivery and on-ground licensing support activities provided by land managers.¹ The Department also notes that the Government had not pursued full cost recovery in recognition of the health, education and cultural benefits of utilising public land. TOL fees consist of fixed and variable components:

- an annual fee (currently \$339.30); and
- a per-person, per-day use fees (\$2.40 for adults, \$1.60 for children).

The Department explains that the current TOL fees will sunset on 30 June 2026. As such, under the base case where fees sunset, the licensing cost burden will be placed onto taxpayers and other revenue streams, given that the TOL scheme would continue. The Department estimates that this would result in a cost burden of at least \$765,000 per annum (based only on Parks Victoria's 2023-24 costs).²

The Department argues that this shift in cost burden would disincentivise public land managers from implementing the licensing scheme required under the five Acts, given there would be no direct funding for licence delivery. The Department explains further that this would lead to increased risk relating to safety, the environment and cultural heritage, which licensing is intended to play a key role in managing.

¹ These activities include ranger support and monitoring and enforcement of licence conditions.

² Parks Victoria (PV) is the largest land manager in the state of Victoria. Cost burdens for other land managers are unknown.

Options

In the RIS, the Department proposes to remake the five sets of Regulations and considers options within four fee design elements:

1. Scope of LTOs that are required to pay fees:

Public transport services, taxis, rideshares, ferries, schools, higher education providers and offshore fishing tours will remain exempt from needing a TOL. Not-for-profits who charge for their services will still require a TOL.

Outdoor fitness trainers, who are currently benefiting from a use fee waiver, will be transitioned to a new 'lifestyle licence'. The lifestyle licence has a higher annual fee than a standard licence but no per-person, per-day use fees. The Department explains that this is because fitness trainers commonly have local repeat clients who are more price sensitive than most tourists. Other LTOs which have a similar repeat client base sourced locally will also be eligible for this licence.

2. Fee levels:

Fee levels will be adjusted to achieve full cost recovery. The Department explains that this reflects the importance of minimising financial burden on the Government over the health, education and cultural benefits associated with the commercial utilisation of public land for tours and activities.

The Department proposes multiple options for higher fees for high value areas, which include the Port Campbell, Great Otway and Gariwerd/Grampians National Parks. Higher fees are also proposed for the Great Ocean Road Coasts and Parks Authority (GORCAPA), who manage the Port Campbell and Great Otway National Parks. This reflects the high value of sites managed by GORCAPA such as the Twelve Apostles, and the need to sustainably fund tourist infrastructure and environmental protection. All of these fee options are progressed to the impact analysis, as they reflect the most significant changes to the current level of the fees between different land managers.

3. Fee structure:

A combination of annual (fixed) and use (variable) fees will be retained, with separate use fees for adults and children. The annual/use fee split will be changed from 25/75 per cent to 20/80 per cent. The Department explains that this will create a lower barrier to entry through a lower up-front annual fee. The current cap on use fees per operator of \$17,000 will be discontinued to ensure that LTOs pay fees that are more proportionate to their land use. An \$84 (2024-25 dollars) use fee discount per licence will be offered to LTOs who have obtained multiple licences with different land managers.

Stakeholders suggested a range of other changes to the fee structure, including water vessel fees, shorter use fees (for less than a day) and seasonal licences. The

Department explains that these changes are unviable as they are inequitable, create compliance issues or do not adequately reflect licensing costs.

4. Competitive allocation/limited availability licences:

Land managers may limit the number of TOLs through a competitive allocation process for environmental or cultural reasons, or to ensure public safety. Land managers will now be able to limit licences to maintain visitor experience or environmental sustainability.³ Competitively allocated licences will also be renamed 'limited availability licences' and be subject to at least high value fees (i.e. the level applicable to high value visitation areas).

Impact analysis

The Department uses a multi-criteria analysis (MCA) to further evaluate fee level options. These options are assessed against the base case relevant to the five sets of fee Regulations sunsetting on 30 June 2026.

In determining its fee-setting objectives and MCA criteria, the Department considered the Department of Treasury and Finance's Pricing for Value Guide. The fee level options are assessed against four equally weighted MCA criteria:

1. equity – whether fees create a barrier to entry for new operators and users pay for different licences based on value;
2. efficiency – whether fees support sustainable use and reflect the value of the land, and meet GORCAPA sustainable funding objectives;
3. effectiveness – whether fees are low enough to deter non-compliance; and
4. simplicity – whether the fee structure is simple to understand and administer.

The first two options analysed are:

- Option 1.1 – one standard pricing level across all public land, with fees set at 100 per cent cost recovery; and
- Option 1.2 – pricing consisting of standard fees based on 100 per cent cost recovery and another set of fees for high value areas set at 50 per cent above cost recovery.

The Department's preferred option from this initial analysis is Option 1.2.

In the MCA, the Department assesses that Option 1.2 is the more equitable option as it sets value-based pricing proportional to use and that fees for high value areas are not significantly higher than Option 1.1. The Department also assesses that Option 1.2 is the more efficient option, arguing it better reflects the value of resources and contributes to GORCAPA objectives to contribute to infrastructure and land management costs.

³ The Department explains that 'environmental reasons' is distinct from 'environmental sustainability' as 'environmental reasons' reflects the space limitation of a given environment, whereas 'environmental sustainability' reflects maintaining the ecological balance of a site.

The Department considers that high value fees will lead to slightly higher rates of non-compliance, making Option 1.2 less effective than Option 1.1. The Department also assesses that Option 1.2 is less simple to administer and understand than Option 1.1 because it introduces another category of fees.

Overall, Option 1.2's relatively higher scores for equity and efficiency outweigh its lower scores for effectiveness and simplicity, leading to Option 1.2 being preferred.

The Department then evaluates two further options for the GORCAPA high value areas against Option 1.2:

- Option 2.1 – GORCAPA high value fees set at 100 per cent above full cost recovery; and
- Option 2.2 – GORCAPA high value fees set at 190 per cent above full cost recovery.

For fees imposed on users of the GORCAPA high value areas, the Department's preferred option remains Option 1.2 (50 per cent above full cost recovery). The Department assesses that Option 1.2 is the more equitable option, as the high fees under Options 2.1 and 2.2 create a significant barrier to entry. Option 1.2 however is assessed to be less efficient than Options 2.1 and 2.2, as higher fees better reflect the value of GORCAPA land and better align with GORCAPA objectives to contribute to infrastructure and land management costs.

The Department however assesses that the higher fees under Options 2.1 and 2.2 would lead to a high degree of non-compliance, which makes Option 1.2 more effective. Finally, Options 2.1 and 2.2 introduce another category of fees, making Option 1.2 comparatively simpler.

Overall, Option 1.2's relatively higher scores for equity, effectiveness and simplicity outweigh its lower score for efficiency, so Option 1.2 remains the preferred option.

The Department projects that the new standard and high value fees will generate a yearly revenue of \$1.16 million (2024-25 dollars) per year for Parks Victoria over the 10-year life of the Regulations.⁴ The Department notes that this will recover 100 per cent of land managers' costs over the next 10 years, with a yearly average surplus of \$258,000 (2024-25 dollars) for PV and GORCAPA high value areas for reinvestment into visitor infrastructure and environmental protection.⁵

The Department explains that fees for LTOs will increase by 11 per cent outside of high value areas and 66 per cent inside high value areas. The Department also explains that fees for operators whose visitation currently exceeds the cap will increase in proportion

⁴ Non-surplus revenue amounts for other land managers are unknown.

⁵ This surplus revenue includes revenue from PV and GORCAPA managed parks proposed to be high value parks. The Department is able to forecast surplus revenue for these GORCAPA managed parks as PV currently manages licensing for these parks.

to their visitation numbers above the current cap, however some underreporting is expected. The Department also assesses that LTO time costs for paying fees quarterly or annually are negligible.

The Department explains that LTOs employ an average of four staff, and therefore the impact of the proposed Regulations falls largely on small businesses. However, it assesses there will be no significant impact on small businesses as the proposed TOL fees range between three to five per cent of the gross revenue of LTOs.

Implementation and evaluation

The proposed Regulations will take effect on 1 July 2026. The Department states however that high value licences at Gariwerd/Grampians National Park will be delayed until visitation recovers from the 2024-25 summer bushfires.

The Department notes that implementation of the new licensing fee arrangements will allow for land managers to spend additional funds on education and compliance activities (\$300,000 per year for PV in 2024-25 dollars).

The Department commits to an evaluation of the new licence categories and licensing costs by 2031-32 to reassess the cost base, the degree of cost recovery and the surplus from high value fees.

Should you wish to discuss any issues raised in this letter, please do not hesitate to contact Better Regulation Victoria on (03) 7005 9772.

Yours sincerely



Paul Donegan

Deputy Secretary, Economic