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Fuel Levy (Fuel Cost Recovery)

The Vic Mix **Fuel Levy (Fuel Cost Recovery)** mechanism was introduced in late 2021 to help manage the impact of ongoing volatility in global fuel markets on local operating costs. Its primary purpose is to provide greater price stability for customers by avoiding frequent and broad increases to base concrete prices when fuel costs fluctuate.

Rather than embedding these movements into general product pricing, the Fuel Levy allows Vic Mix to apply a targeted adjustment that reflects changes in fuel-related operating costs as they occur. This approach also helps protect our cartage providers—approximately 80% of whom are independently operated—from fuel price volatility, supporting the sustainability of the delivery fleet our customers rely on.

The Fuel Levy is calculated as an average per-m³ rate and is allocated across the operating costs of the Vic Mix fleet, including agitators, tankers, tippers and other mobile plant. Its purpose is to recover the nominal change in fuel-related operating costs resulting from movements in diesel prices. The model is not designed to generate profit for Vic Mix. As with any pricing mechanism that simplifies complex cost drivers into a single rate, minor variances may occur due to assumptions, approximations and rounding.

While the detailed mechanics of the model are commercially sensitive, it is applied consistently, reviewed regularly and based on movements in publicly available fuel pricing. We recognise that a separate Fuel Levy line item can be frustrating, and our intention is to apply it only as a fair and transparent alternative to larger, less targeted increases in base concrete prices.

Customers are encouraged to consider the Fuel Levy as part of the overall cost of doing business with Vic Mix and to compare our total pricing and service offering against alternative suppliers. Vic Mix remains committed to delivering competitive pricing, dependable supply and a pricing structure that fairly reflects underlying cost movements.

Frequently Asked Questions

What is the Fuel Levy?

The Fuel Levy is a **fuel cost recovery mechanism** that enables Vic Mix to recover genuine changes in fuel-related operating costs without continually adjusting the base price of concrete products.

It provides a transparent and targeted pricing adjustment that may increase, decrease or remain unchanged as market conditions change.

The Fuel Levy is not designed to generate profit for Vic Mix. Its purpose is to recover changes in operating costs associated with fuel price movements and provide greater transparency around these cost impacts.

Is this a new charge?

No.

The Fuel Levy has formed part of Vic Mix's pricing structure since late 2021.

The Fuel Levy is reviewed regularly to reflect changes in fuel-related operating costs and broader market conditions.

How is the Fuel Levy calculated?

The Fuel Levy is primarily based on movements in publicly available diesel pricing, referencing the Australian Institute of Petroleum (AIP) Diesel Terminal Gate Price.

While diesel prices are the primary driver, the model also recognises associated operating cost impacts experienced across production and transport.

The detailed mechanics of the model remain commercially sensitive; however, the methodology is applied consistently and is designed to recover changes in operating costs rather than generate additional profit.

Why has the Fuel Levy changed when fuel prices appear to be falling?

The Fuel Levy is not based on current daily fuel prices.

Instead, it uses an evidence-based model that reflects actual fuel costs incurred during the preceding review period, with those costs recovered in a subsequent period.

This creates a natural lag between movements in market fuel prices and changes to the Fuel Levy. Vic Mix absorbs movements in fuel costs first before applying the corresponding adjustment.

This approach helps smooth short-term volatility and avoids reacting to daily fluctuations. When fuel prices rise sharply, customers benefit from the previous lower Fuel Levy during the current period. Conversely, when fuel prices decline, reductions are reflected in subsequent reviews.

How often is the Fuel Levy reviewed?

The Fuel Levy is **currently reviewed fortnightly** to better reflect changing market conditions.

Depending on movements in fuel prices and related operating costs, the Fuel Levy may increase, decrease or remain unchanged.

Where changes are required, customers will be advised in writing before the revised Fuel Levy takes effect.

Why has Vic Mix moved from monthly to fortnightly reviews?

Recent volatility in fuel markets, together with increasingly frequent pricing adjustments by suppliers and changing market conditions, has made monthly reviews less responsive to actual operating costs.

The current fortnightly review cycle enables Vic Mix to reflect both increases and decreases more promptly, helping ensure the Fuel Levy remains fair, transparent and aligned with prevailing market conditions.

Vic Mix will continue to monitor market conditions and may adjust the review frequency in the future if appropriate.

Will the Fuel Levy continue to change?

Yes.

The Fuel Levy is intended to move with market conditions. It may increase, decrease or remain unchanged following each review depending on changes in fuel-related operating costs.

Vic Mix does not seek to predict future fuel prices and will continue to assess the Fuel Levy based on available market data and actual operating conditions.

How long will the increased Fuel Levy remain in place?

The Fuel Levy is not intended to be a permanent increase to base pricing.

The Fuel Levy will continue to be reviewed as market conditions change and may reduce when sustained reductions in fuel-related operating costs occur.

Vic Mix will continue to monitor market conditions and adjust the Fuel Levy where appropriate.

Where will I see the Fuel Levy?

The Fuel Levy will continue to appear as a separate line item on your invoice.

This provides transparency by allowing customers to clearly identify the portion of pricing associated with fuel-related operating cost movements.

Does the Fuel Levy apply to all customers?

Yes.

The Fuel Levy applies consistently across all Vic Mix customers.

Why does the Fuel Levy apply to existing quotes or agreed rates?

Vic Mix pricing, including quotations and agreed rates, is based on market conditions at the time of issue.

Where there are significant changes to underlying operating costs, including fuel, adjustments may be required to ensure pricing remains sustainable and reflective of current conditions.

The Fuel Levy provides a transparent mechanism to manage these changes without requiring broader and less targeted price adjustments.

Are there any supply impacts I should be aware of?

At present, supply impacts remain limited.

Vic Mix continues to work closely with suppliers, cartage providers and customers to maintain reliable service and will communicate any changes that may affect supply arrangements.

Can I cancel or change my order?

We understand that pricing changes may impact purchasing decisions.

If you wish to amend or cancel an order, please contact us as soon as possible. Updated pricing reflecting current conditions can be provided where required.

Who can I speak to about the Fuel Levy?

Please contact your Vic Mix Sales Account Manager if you would like further information about the Fuel Levy or how it applies to your account.

Our Commitment

Vic Mix remains committed to managing fuel-related cost movements in a transparent and fair manner.

The Fuel Levy is designed to reflect genuine changes in operating costs—not to generate additional profit—and is reviewed regularly to ensure it remains aligned with prevailing market conditions.

We remain committed to:

- Transparent communication.
- Fair and evidence-based pricing.
- Reliable supply.
- Supporting our customers through changing market conditions.

We thank you for your continued support and understanding.