

Policy
The application of gross rental valuation to mining, petroleum and resource interests

1. Introduction

This Policy provides guidelines for the application of gross rental valuation (GRV) to *mining, petroleum, and other resource interests*.

2. Legal Context

- 1) In terms of Section 6.28(1) of the *Local Government Act 1995* (the Act), the Minister can determine the method of valuation of land to be used by a local government as the basis for a rate.
- 2) In terms of Section 6.29 of the Act, the Minister can determine that gross rental valuation can apply to a portion of land defined as a *relevant interest* on which capital improvements are located.
- 3) The Minister for Local Government has the authority, in terms of the legal provisions above, to implement the guidelines.

3. Land subject to the policy

- 1) The policy will apply to land defined as:
 - a) a *relevant interest* in Section 6.29(1) of the Act meaning:
 - i) a mining tenement held under the *Mining Act 1978* (whether within the meaning given to that term by that Act or by the *Mining Act 1904*); or
 - ii) a permit, drilling reservation, lease or licence held under the *Petroleum and Geothermal Energy Resources Act 1967*.
 - or
 - b) a *resource interest* used for:
 - i) the extraction, processing or refining of minerals as defined in the *Mining Act 1978*, Section 8; or
 - ii) the extraction, processing or refining of petroleum as defined in the *Petroleum and Geothermal Energy Resources Act 1967*, Section 5.

4. Improvements to be considered for gross rental valuation

1. Subject to the provisions of Section 6.28 and 6.29 of the Act, gross rental valuation will apply to *relevant interests* and *resource interests* only in respect of the following improvements:
 - a) All permanent (*in situ* for at least 12 months):
 - i) Accommodation, recreation and administration facilities and associated buildings; and
 - ii) Maintenance workshops existing within 100 metres of facilities listed in Section 4.1(a)(i).
2. Nothing in this Policy prevents a local government and a proponent from agreeing that other types of improvements shall also be included for gross rental valuation.

5. *Transitional arrangements*

- 1) The Policy will apply for a trial period of three years from July 1st 2012 to June 30th 2015.
- 2) During the three year trial period, the following arrangements will apply:
 - a) The Policy will apply to all new mining, petroleum and resource interests as defined in Section 3.
 - b) The Policy will not affect existing arrangements between local government and proponents, unless both parties agree, through mutual consent, to adopt the Policy.
 - c) Projects that operate under existing State Agreements and are currently exempt from rates may apply the policy as part of their respective agreement variation processes.
 - d) All other relevant provisions under the Act will apply.

6. *Implementation guidelines*

- 1) Government will review the success of the Policy against agreed key performance indicators and prepare recommendations in consultation with key stakeholders.
- 2) Subject to the findings and recommendations in 6.1, the Policy will apply to:
 - a) all projects, from the date determined in the recommendations;
 - b) projects operating under State Agreement Acts, as part of their respective agreement variation process.

Terms used

minerals means naturally occurring substances obtained or obtainable from any land by mining operations carried out on or under the surface of the land, but does not include —

- a. soil; or
- b. a substance the recovery of which is governed by the *Petroleum and Geothermal Energy Resources Act 1967* or the *Petroleum (Submerged Lands) Act 1982*; or
- ba. without limiting paragraph (b), geothermal energy resources as defined in the *Petroleum and Geothermal Energy Resources Act 1967* section 5(1); or
- c. a meteorite as defined in the *Museum Act 1969*; or
- d. any of the following substances if it occurs on private land —
 - i) limestone, rock or gravel; or
 - ii) shale, other than oil shale; or
 - iii) sand, other than mineral sand, silica sand or garnet sand; or
 - iv) clay, other than kaolin, bentonite, attapulgite or montmorillonite;

petroleum means —

- a. any naturally occurring hydrocarbon, whether in a gaseous, liquid or solid state; or
- b. any naturally occurring mixture of hydrocarbons, whether in a gaseous, liquid or solid state; or
- c. any naturally occurring mixture of one or more hydrocarbons, whether in a gaseous, liquid or solid state, and one or more of the following, that is to say, hydrogen sulphide, nitrogen, helium and carbon dioxide,

and includes any petroleum as defined by paragraph (a), (b) or (c) that has been returned to a natural reservoir, but excludes oil shale

