



**The Hon Tony Simpson MLA
Minister for Local Government; Community Services;
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TO ALL LOCAL GOVERNMENTS

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GROSS RENTAL VALUE RATING OF MINING TENEMENTS – POLICY

In late 2011, the Government, resources industry and local government agreed on a policy for the *Application of Gross Rental Valuation to Mining, Petroleum and Resource Interests* (Circular 29-2011). That policy was implemented on a three-year trial basis for the period 1 July 2012 to 30 June 2015.

The trial period for the policy was extended for a further three months, to 30 September 2015. The extension of time allowed the Departments of Local Government and Communities (DLGC) and State Development time to further consider submissions from the resources industry and the local government sector.

The State Government has now approved a revised policy, which will take effect from 1 October 2015.

The key changes to the policy are:

- agreement that the policy will apply to State Agreement projects, either through mutual agreement between proponents and local government, with the concurrence of the Minister for State Development and in consultation with the Department of State Development, or through variation of State Agreements; and
- a new clause which requires the policy to be considered in conjunction with other policies and guidelines about rating, rateable land and valuation of land.

A copy of the policy is attached. The DLGC's assessment policy and application form for the application of Gross Rental Value to mining interests are available on the DLGC's website at:

<http://dlg.wa.gov.au/Content/LG/RatingPolicies/Default.aspx>.

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Policy – The application of Gross Rental Valuation to mining, petroleum and resource interests for local government rating purposes

1. Introduction

This policy provides guidelines for the application of Gross Rental Valuation to mining, petroleum and other resource interests for local government rating purposes.

2. Policy Objective

The objective of the policy is to standardise the application of Gross Rental Valuation to capital improvements on relevant interests and resource interests for local government rating purposes.

3. Application of the *Local Government Act 1995*

- (1) Section 6.28(1) of the *Local Government Act 1995* (the Act) provides the Minister with the power to determine the method of valuation of land to be used by a local government as the basis for a rate.
- (2) Under 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.

4. Land subject to the policy

The policy applies to land:

- (1) subject to a *relevant interest*, defined in section 6.29(1) of the Act as meaning:
 - (a) 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
 - (b) a permit, drilling reservation, lease or licence held under the *Petroleum and Geothermal Energy Resources Act 1967*;or
- (2) defined as a *resource interest*, which means land used for:
 - (a) the extraction, processing or refining of minerals as defined in section 8 of the *Mining Act 1978*; or
 - (b) the extraction, processing or refining of petroleum as defined in section 5 of the *Petroleum and Geothermal Energy Resources Act 1967*.

5. Capital improvements to be considered for Gross Rental Valuation

- (1) Capital improvements for the purposes of section 6.29(2) of the Act means:
 - (a) accommodation, recreation and administration facilities and associated buildings; and
 - (b) maintenance workshops existing within 100 metres of facilities listed in Section 5(1)(a);provided that these facilities have been in place for at least 12 months.
- (2) Nothing in this policy prevents a local government and the holder of a relevant interest or a resource interest from agreeing that other types of capital improvements are to be included or excluded.

6. Implementation of the policy

- (1) The policy commences on 1 October 2015.
- (2) The policy applies to land defined as a *relevant interest* or *resource interest* in section 4.
- (3) If land defined as a *relevant interest* or *resource interest* is subject to a State Agreement Act that has rating provisions:
 - (a) as a matter of agreed policy between industry and local government, this policy will apply to such land;
 - (b) however, the State Agreement proponent and relevant local government may agree other arrangements by mutual consent with the concurrence of the Minister for State Development and in consultation with the Department of State Development; and
 - (c) the State Agreement proponent may request a variation in the State Agreement to incorporate this ratings policy. The Western Australian Government may apply the policy through the State Agreement variation process.
- (4) This policy shall be read with other policies and guidelines about rating, rateable land and valuation of land, as published by the department responsible for the Act.