

# Valuer General's Policy

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## Valuation of land used for metalliferous mining

**What** The policy guides valuers on the methods to use, and factors to consider, when valuing land used for metalliferous mining, for rating and taxing purposes.

**How** Under this policy, valuers determine the land value of land used for the purpose of a metalliferous mine based on specific assumptions and considerations.

Valuers must also apply market evidence and do ongoing quality reviews to support valuations.

Valuers assess the value of the land only, without including the value of structures or other improvements on that land.

**Why** This policy will ensure that the Valuer General's valuations of land used for metalliferous mining are:

- consistent and accurate
- transparent
- in line with the *Valuation of Land Act 1916* (Valuation of Land Act).

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# 1 Policy

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## 1.1 Scope

### Land used for mining

Use this policy to assess the value of land that is being used for metalliferous mining.

#### metalliferous mine

A metalliferous mine is any land used for the extraction of proclaimed minerals and held under a mining lease as prescribed in the *Mining Act 1992* (Mining Act).

#### proclaimed minerals

The extraction of gas and petroleum is not mining under the Valuation of Land Act.

#### mining lease

## 1.2 Identification of mining land

### Identification

A separate valuation is to be made for land held under a mining lease.

#### mining purpose

Mine land (mine) is any land within a mining lease used for mining purposes.

#### exploration licence

#### prospecting licences

#### authorisation areas

#### council area

A mine can comprise a whole parcel of land, or be limited to those parts of a parcel of land used for a mining purpose and owned by or leased to a mine operator.

A mine will be viewed in its entirety as long as it is reasonably contiguous and used as one mining operation. One mine may comprise of a number of mining leases, and more than one parcel, even if it is separated by a road or includes separate titles held by different owners, or the Crown. The boundaries of the mining titles need not be common to the boundaries of the land.

A mine includes the whole of the lands embodied in the mining operation and contained in the lease or in the company's control for mining purposes.

Lands used or held for mining purposes, which are contiguous or adjoining, may not necessarily comprise of one mine, as they may be held for different or separate mining purposes.

Exploration licenses, prospecting licenses and authorisation areas do not convey exclusive rights to occupy land and do not create an interest in land to be valued as a mine.

The extraction of a mineral or a substance not proclaimed in the Mining Act is not mining for the purpose of the Valuation

of Land Act. A list of currently proclaimed minerals is contained in the *Mining Regulation 2016* (Mining Regulation).

Where a mine is wholly situated outside the boundaries of any council area, no valuation is made under the Valuation of Land Act. However, land outside a council area, which is included in a mining lease, and is located under the seas or tidal waters of any estuary or harbour, is to be included in the valuation of a mine, if the mine also includes land within a council area.

Land within a mining lease area that is used for a purpose other than mining must be separately identified and separately valued. Such land may include residential parcels used by mine employees or buffer land used for agricultural purposes.

## 1.3 Assumptions and considerations

### Valuation assumptions

land value

unencumbered

fee simple in possession

highest and best use sale

improvement

land improvement

In line with section 6A of the Valuation of Land Act, you must value the land at its highest and best use, while assuming:

- there is a sale of land
- the buyer and seller are hypothetical
- the title is unencumbered, and the valuation is of the full fee simple in possession
- the land is vacant and has no improvements other than land improvements.

### Valuation considerations

statutory restrictions

valuing year

You must also consider and reflect in the valuation these requirements:

- the current use of the property if it differs from planning controls and would, if allowed, result in a higher land value (section 6A(2))
- all statutory restrictions on the land
- the valuation reflects a sale of the property at 1 July of the valuing year (section 14B)
- the property's physical condition, surroundings, zoning and allowable uses that applied on the date the valuation was made (section 14K).

## 1.4 Valuation rationale

### Owner's interest

owner

Crown royalty

net present value

life of mine

The Valuation of Land Act requires a valuation of the fee simple of the land. Fee simple is the absolute title to land, free of any other claims against the title, which one can sell or pass to another by will or inheritance. This means that the mineral within the mining lease is considered to be owned by the owner of the land.

Under section 284(2)(a) of the Mining Act, 7/8ths of the Crown royalty (royalty) payable under a mining lease is to be returned to the owner of the mineral.

The assumption is made that the owner of the land is not the operator of the mine and is separate from the mine operation. The owner's interest consists of the return from the royalties (7/8ths) and the return of the mine land at the expiration of the mine's life.

Therefore, the owner's interest is calculated by determining the net present value of the royalty income and the present value of the residual surface land deferred for the life of mine (LOM).

### General approach

discounted cash flow analysis

run of mine

The general approach to the valuation is:

- an allowance must be made for the time taken to bring a mine into production however there is no allowance for any costs which are borne by the hypothetical mine operator who is not the owner of the land
- the income from the mine is the hypothetical owners' right to receive 7/8ths of the royalty from the sale of minerals
- the royalty amount is to be calculated by considering the average price of the mineral over three years with the current year having double the weighting (i.e. used twice)
- the royalty is then used in a discounted cash flow analysis (DCF) over the LOM to determine the present value of the mine
- the LOM is established by dividing the total mineral reserve (proven and probable) by the annual production rate, also referred to as the run of mine (ROM) production.

- the residual land value is to be calculated on the present value of the land, as it will be when returned to the owner following rehabilitation, deferred for the LOM.

## 1.5 Royalties

### Royalties – general

#### Ad valorem

The amount of royalty payable is prescribed in the Mining Act and Mining Regulation.

The Department of Planning and Environment, Division of Resources and Geoscience provides the following direction.

#### *Mineral (non-coal) royalties*

*There are two types of mineral (non-coal) royalty:*

**Quantum royalty** – *Quantum royalty is levied at a flat rate per unit of quantity. The rate of royalty is dependent on the mineral being extracted and is generally utilised for low value to volume minerals such as gypsum limestone, and clays.*

**Ad valorem royalty** – *Ad valorem royalty is applied to high value to volume minerals. The base rate applicable for ad valorem minerals is 4% of ‘ex-mine’ value. The ex-mine value refers to the value of the mineral once it is mined and brought to the surface. In some cases the costs associated with the processing or treatment may be allowable deductions. However, the costs associated with exploration, development and mining of the ore body and the rehabilitation of the site are not allowable deductions.*

See: [www.resourcesandgeoscience.nsw.gov.au/miners-and-explorers/enforcement/royalties](http://www.resourcesandgeoscience.nsw.gov.au/miners-and-explorers/enforcement/royalties)

*Section 73 of the Mining Regulation states that:*

*.... The quantity of minerals (other than coal) recovered during any particular period is to be calculated in accordance with the following formula....:*

The quantity of minerals recovered equals the quantity of minerals disposed during the period plus the quantity of minerals held at the end of the period less the quantity of minerals held at the beginning of the period

**Royalty payable to Crown**

Section 77 of the Mining Regulation stipulates that in the case of minerals other than coal, if a royalty:

- of \$50,000 or less is payable in respect of the preceding 12 month period ending on 30 June, the royalty is to be paid on or before 31 July in each year
- greater than \$50,000 was payable in respect of the preceding 12 month period ending on 30 June, the royalty is payable;

*(a) on or before 31 October, in respect of the period of 3 months ending on 30 September, and*

*(b) on or before 31 January, in respect of the period of 3 months ending on 31 December, and*

*© on or before 30 April, in respect of the period of 3 months ending on 31 March, and*

*(d) on or before 31 July, in respect of the period of 3 months ending on 30 June.*

The holder of the mining lease must keep records of all minerals recovered under the lease in accordance with Section 76(3) of the Mining Regulation:

- the quantity of mineral recovered
- quantity of minerals disposed whether by sale or otherwise
- quantity of minerals held
- records of price obtained or consideration received
- records of royalties that became payable.

Section 76(4) states records must be held for a minimum of seven years from the end of financial year in which the reported minerals were extracted.

**Royalty and Statistics Returns**

Royalty returns are to be lodged to Revenue NSW by the holder of a mining lease quarterly or annually depending on the size of the royalty payment.

The returns include data on ROM production, saleable output, allowable deductions, value of mineral sold, the mineral reserves and saleable quantities.

In cooperation with Revenue NSW the returns are to be used as the principal source of information for the valuation.

### Calculation of royalty payable to the hypothetical owner of the land

Section 284 of the Mining Act sets out the requirements for the payment of royalties including the requirement for 7/8ths of the amount recovered in respect of private minerals to be paid to the owner of the mineral.

As land value is determined on the basis of the fee simple, the amount of 7/8ths payable to the owner of the mineral, is considered to be payable to the hypothetical owner of the land.

The amount of royalty to be paid to the owner is to be calculated by taking 7/8ths of the estimated hypothetical royalty that would be payable by the mining company to Revenue NSW.

The expected royalty is estimated from the saleable value of the mineral. Most of the information required for the royalty estimate will be sourced from the royalty return, however the valuer must use the best available information and make estimates based on expert opinion where required.

The source of all information and the basis for any estimates is to be recorded.

The royalty return information may not provide appropriate evidence where the mine has only recently opened or is in care and maintenance.

## 1.6 Life of mine

### Life of mine

#### proven

The LOM is determined by dividing the proven and probable reserves by the ROM.

#### probable

The information required is to be taken directly from the royalty return. If insufficient information is available from the returns the inputs are to be calculated.

See below for further information under the headings:

- Extent of mineralisation
- Run of mine.

## 1.7 Saleable value of mineral

### Value of recovered mineral

#### spot price

Where the royalty income cannot be established from history, it is to be calculated by determining the saleable value of the recovered mineral.



The saleable value is to be calculated using the spot price of the mineral applied to the net disposals.

The calculation of the annual net disposals needs to be fair and reasonable. The amount determined is a hypothetical amount based on standard practices not particular to any one mine operator. The calculation shall be evidence based and or supported by expert opinion.

The average spot price of the mineral at 1 July over three years is to be used with the current year having double the weighting.

The spot price is to be established by reference to [www.indexmundi.com](http://www.indexmundi.com).

## Extent of mineralisation

JORC reports

Mining Operations Plan

AEMRs

The extent of the mineral deposits will be determined from studies completed by the mining company. The information is obtained from either the royalty return, mining company or other sources.

Listed in order of hierarchy they include:

- Joint Operating Resource Committee (JORC) reports
- Mining Operation Plans (MOPs)
- Annual Environmental Management Reports (AEMRs)
- local government development applications
- quarterly and annual company reports published by the miner.

Only mineral reserves that are defined as proven and probable shall be included in the valuation calculations.

Resources which are inferred, indicated or measured are not to be included in the extent of mineralisation.

Only minerals within the mining lease/s are to be included in the valuation. Any mineral resources identified from exploratory testing in other land held by the mining company for future mining purposes, which is outside the current mining lease/s, are not to be included in the valuation.

## Run of mine

The ROM is the raw mineral extracted from the mine before any processing. In mining, ROM is the mineral as it comes from the mine to the mine head before any treatment.

Once the extent of the proven and probable reserves has been determined the ROM production is used to determine the LOM.

If available the current production rate will provide the best evidence.

### **Net disposals**

#### **ex-mine value**

Raw production must be discounted to provide the net disposal in tonnes. Depending on the quality of the ore there may be crushing and grading which removes impurities.

The net disposal is the amount of raw production less waste.

Note royalties for metals are based on either a flat rate per unit of quantity or a base rate of 4% of 'ex-mine' value.

### **Allowable deductions**

Following the establishment of the net disposals a further deduction is made to the value of the net disposals for allowable deductions.

Allowable deductions are confined to the direct costs incurred in upgrading the mineral, after the first stockpile, and bringing it to market. Income for services provided to external parties should be offset against deductions.

Please go to this link for full information:

[www.resourcesandenergy.nsw.gov.au/\\_\\_data/assets/pdf\\_file/0009/691713/Deductions\\_NonCoal.pdf](http://www.resourcesandenergy.nsw.gov.au/__data/assets/pdf_file/0009/691713/Deductions_NonCoal.pdf)

Where possible allowable deductions are to be obtained from the royalty returns provided to Revenue NSW.

### **Royalty payable to the owner**

The royalty rate payable for each mineral is prescribed in the Mining Regulation as well as any allowable deductions. The Department of Planning and Environment, Division of Resources and Geoscience collects production data from all miners on a yearly basis, broken into quarters for the financial year. This data provides the current year's Royalties paid, the Invoice Value of Contained Minerals (IVCM) and the Allowable Deductions in accordance with the Mining Regulation.

The total income from the annual production is not the income stream being valued as this belongs to the mine operator.

The valuation being made is of the owner's interest in the fee simple which is 7/8ths of the Crown royalty.

## 1.8 Further considerations

### Allowance for construction period

A period of construction must be allowed for at the start of the cash flow analysis. Hypothetically the mine will require a period of build time before production can commence and income is generated.

The appropriate period will depend on the type of mine and construction required.

The allowance is for the time to construct the required mine infrastructure, not the cost. The land value is based on the land having no improvements other than land improvements.

Caution should be applied where a mine has a limited life expectancy as a mine operator may not see any value in commencing operations.

### Land improvements

land improvement  
land value

There is no allowance to be provided for the time or costs of any excavation, tunnelling or levelling of land associated with the mine operation as these activities are considered to be land improvements.

The Valuation of Land Act requires that land improvements form part of the land value.

### No depreciation

Although the improvements hypothetically do not exist and a period for the building of new improvements is provided in the discounted cash flow, there is no requirement to provide for depreciation in the calculation as the hypothetical owner of the fee simple is not the owner of the improvements.

### Mining is yet to commence

Where a mining lease has been granted but no mining has commenced, the royalty income stream should be deferred to the likely start date, with production and sales volumes based on expert advice of likely output. Allowance should be made for any risk to the mine commencing production.

### Inactive mines

The value of the hypothetical owner's interest in a mine that is not producing is limited to the likelihood of production and therefore the royalty payments recommencing.

As there is no royalty income being paid, the value of the mine will lie in the net present value of likely future returns. The risk of production recommencing must be considered and allowed for.

Alternatively the basis of value may be the highest and best alternate use, after allowing for time and costs and the rehabilitation of the land.

The method that produces the highest land value is to be adopted.

## 1.9 Residual/surface land

### **Non mining/buffer land**

Where a mine includes land not used for active mining purposes, commonly referred to as buffer land, it is to be included in the value of the mine unless separately occupied.

The value of the buffer land is limited to its highest and best alternate use such as agriculture.

Establishing the excess land area should have regard to the mine's operational plan.

While buffer land may attract a premium in the market due to a mine operator's desire to secure surrounding land, the buffer land does not increase the royalty payments to the hypothetical owner of the fee simple. Consequently, the value to that owner is limited to the return from either potential future mining activity or the alternate highest and best use.

### **Separately occupied land**

All land within mining leases must be valued as part of the mine under the appropriate Valuation of Land Act land value basis of 14F, unless the land is separately occupied.

Where part of a mine is separately occupied for a purpose other than mining section 14F(3) of the Valuation of Land Act applies.

The land must be separately held, either by physical occupation with buildings and fencing or by a formal lease to a separate entity from the owner of the land.

Agistment agreements do not provide an interest in land and are not considered a lease for the purpose of determining a separate valuation.

Requests for separate valuations must be provided on an annual basis and changes of lease details must be advised to Property NSW immediately.

A pastoral company operated by the mine owner is a separate owner for the purposes of section 14F(3) only

when it occupies the land under a formal lease or agreement.

**Valuation of voids** Open cut or extractive operations frequently leave voids (unfilled holes) at the end of the mining operation. The value of the void will depend on the ability to find an alternate use. Areas close to main centres, particularly Sydney, may have substantial value for landfill sites.

The potential of land once the mining operation has ceased must be taken into account. Where there is no demonstrated potential the void has little value and is a detriment to the site. A nominal value should be applied in these cases.

### **Residual land value**

As well as the owner's interest in the royalty income stream the value of the surface land is to be included in the valuation. The surface land value comprises the active mining land and the non-mining/buffer land.

The owner cannot access the active mining land while the mine is in operation. Once the mine has reached its end of life the mine operator is required to rehabilitate the site. The hypothetical owner will have the land returned, however there is a risk that the land will not be rehabilitated or will be returned in a degraded state. In the valuation the allowance for risk should consider a number of factors such as any security deposit held by the Department of Planning and Environment for rehabilitation and the type of mining activity.

Therefore, the land value of the residual land is the present value of that land based on its highest and best alternate use, deferred for the life of the mine and the rehabilitation period, at an appropriate discount rate.

### **Rehabilitation**

#### **Mining Operations Plan (MOP)**

Rehabilitation of mine land is the responsibility of the mine operator or authorised person under the mining lease.

The security deposits held by the Department of Planning and Environment are to ensure rehabilitation is completed following the closure of a mine. The security deposit is based on the approved MOP and is required to cover the full cost of rehabilitation.

As rehabilitation is not the responsibility of the hypothetical owner of the land, the adjustment required to the residual value due to a requirement for rehabilitation will be based on the following:

- the amount of risk involved in the rehabilitation not being carried out
- the risk the land will still be in a degraded state after rehabilitation is completed
- the time taken to conduct the rehabilitation and hand back the land
- the amount of security held compared to the expected rehabilitation costs.

The cost of rehabilitation is complex and there may still be some risk that the security deposits held will not cover the total costs.

## 1.10 Administration

### **Mine land divided by a local government boundary**

Where a mine lies partly in one local government area (LGA) and partly in another, section 14F(1) of the Valuation of Land Act provides that it shall be valued as a whole and the land value shall be apportioned as the Valuer General directs.

The appropriate apportionment requires investigation of the circumstances applicable for each mine. Therefore the valuation of mines that are situated partly in more than one LGA must be determined in accordance with the current Valuer General delegations. Each matter will be considered on a case by case basis.

### **Notices of Valuation**

#### **Notice of Valuation**

The valuation of a mine under the Valuation of Land Act is a hypothetical exercise to determine the fee simple of the hypothetical owner's interest.

Notices of Valuation will issue to the mine operator or mine lessee as they are liable for the payment of rates and taxes.

### **New valuations**

Valuations made under the Valuation of Land Act assume that the physical condition and manner of use of the land is the same on 1 July of the valuing year as they were on the date on which the valuation is made (section 14K).

New valuations can be made at any time either initiated by the Valuer General or a rating and taxing authority.

New valuations will only be made where the following circumstances occur:

- a new mining lease is granted over the land or old leases are cancelled or amended
- changes occur to the area of land occupied for a purpose other than mining
- material changes occur to the area of land that was valued on the basis of an alternate use as described in section 1.9 (Residual land value) of this policy.

The Department of Planning and Environment, Division of Resources and Geoscience will assist with details of any new or amended leases.

## 1.11 Valuation methods

**Valuation methods** The discounted cash flow method is to be adopted to determine the land value of the mine land. The direct comparison method is to be adopted to establish the residual value of the mine land and the land value of parcels not used for mining purposes

**Discounted cash flow method** To determine the land value of the mine you must:

1.	Establish the reserves of mineral classified as proven and probable
2.	Determine the mine's fair and reasonable annual production rate (ROM)
3.	Calculate the LOM
4.	Estimate the quantity of Nett Disposals as a percentage of the ROM production.
5.	Determine the Nett Disposal Value after adjustment of the weighted average spot price
6.	Adjust for Allowable Deductions
7.	Determine the value of mineral sold
8.	Establish the mine's requirement for royalty payments to the Crown
9.	Estimate the royalty return for the owner based on 7/8ths of the total royalty payment
10.	Calculate the net present value of the income stream over the life of the mine, deferred by the period required to commence sales of minerals

11. Calculate the value of the surface land (returned after rehabilitation) based on the net present value of the land deferred for the life of the mine

An appropriate discount rate to reflect the risk of the investment should be adopted. Regard may be had to yields of other forms of real estate investment in considering the appropriate risk rate.

The royalty income stream is subject to audit and collection by Government and in this regard a significant part of the risk of realisation on behalf of the hypothetical owner is removed.

### **Direct comparison method**

Use the direct comparison method to determine the value of the surface or residual land and any land that is valued separately from the mine due to different uses.

Direct comparison involves comparing market sales with the subject land.

When using direct comparison to value mine land, buffer land or land used for other purposes, you must:

- consider a broad range of market evidence, including sales of vacant and improved land
- consider the value of existing lease arrangements in the sale price
- follow an evidence-based approach when using sales of improved land to deduce the land value
- analyse sales to provide a unit of measure such as rate per hectare
- consider all factors that influence the land's value such as the land's size, aspect, location, zoning, planning controls and permitted use.



## 2 References

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### 2.1 Definitions

<b>ad valorem</b>	Ad valorem is a calculation based on a proportion of the value.
<b>AEMR</b>	Annual Environmental Management Report (AEMR). The AEMR consolidates Government reporting requirements relating to environmental management and rehabilitation of mines. For further information see: <a href="http://www.resourcesandenergy.nsw.gov.au/__data/assets/pdf_file/0003/478461/AEMR-Guidelines-for-MOPs-prepared-to-EDG03-requirements.pdf">www.resourcesandenergy.nsw.gov.au/__data/assets/pdf_file/0003/478461/AEMR-Guidelines-for-MOPs-prepared-to-EDG03-requirements.pdf</a> .
<b>authorisation areas</b>	Means land that is the subject of an authorisation under the <i>Mining Act 1992</i> .
<b>Council area</b>	A council area is an area proclaimed by the Governor of New South Wales in the NSW Government gazette.
<b>Crown royalty</b>	The Crown royalty is the payment required to be made to the government for the purchase of minerals owned by the Crown.
<b>Discounted cash flow analysis</b>	Discounted cash flow (DCF) analysis is a valuation method used to value an investment by calculating the present value of an income stream discounted for the delay in receiving funds and the risk to the cash flow.
<b>Ex-mine value</b>	The ex-mine value refers to the value of the mineral once it is mined and brought to the surface. In some cases the costs associated with the processing or treatment may be allowable deductions. However, the costs associated with exploration, development and mining of the ore body and the rehabilitation of the site are not allowable deductions. See <a href="http://www.resourcesandenergy.nsw.gov.au/__data/assets/pdf_file/0009/691713/Deductions_NonCoal.pdf">www.resourcesandenergy.nsw.gov.au/__data/assets/pdf_file/0009/691713/Deductions_NonCoal.pdf</a> .
<b>exploration licence</b>	Exploration licence means an exploration licence granted under Part 3 of the <i>Mining Act 1992</i> .
<b>fee simple in possession</b>	Absolute title to land, free of any other claims against the title, which one can sell or pass to another by will or inheritance.

<b>highest and best use</b>	Valuation concept that refers to the possible use of a property that would give the highest market value. The use must be lawful, physically possible and financially feasible.
<b>improvement</b>	Something that improves the value of the land. This is not defined in the Valuation of Land Act, and is different from the term 'land improvement' (below).
<b>JORC reports</b>	<p>The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code) is a professional code of practice that sets minimum standards for Public Reporting of minerals Exploration Results, Mineral Resources and Ore Reserves.</p> <p>The JORC Code provides a mandatory system for the classification of minerals Exploration Results, Mineral Resources and Ore Reserves according to the levels of confidence in geological knowledge and technical and economic considerations in Public Reports <a href="http://www.jorc.org">www.jorc.org</a>.</p>
<b>land improvement</b>	Land improvement, such as draining, excavating, filling or clearing, as defined in section 4 of the Valuation of Land Act and included in the land value.
<b>land value</b>	Value of the land excluding any structures or improvements, but including land improvements. See section 6A of the Valuation of Land Act for a full explanation.
<b>life of mine</b>	For the purpose of this policy the life of a mine is determined by dividing the proven and probable reserves by the run of the mine.
<b>metalliferous mine</b>	For the purposes of this policy a metalliferous mine is any mine that extracts minerals regulated under the <i>Mining Act 1992</i> .
<b>mine</b>	Mine means all land, on or below the surface or partly on or below the surface used or held for any mining purpose including the extraction of minerals.
<b>mining lease</b>	Mining lease means a mining lease granted under Part 5 of the <i>Mining Act 1992</i> and includes a consolidated mining lease.
<b>Mining Operations Plan</b>	A Mining Operations Plan (MOP) is a tool used by the Department of Planning and Environment, Division of Resources and Energy to monitor the progress of mining and rehabilitation activities across the life of a mine.

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<b>mining purpose</b>	Means any activity that leads to the extraction of a proclaimed mineral.
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<b>net present value</b>	The value of a project or income stream where costs and payments occur over a period of time discounted back to the present using a discount rate that reflects the cost of capital, profit and risk.
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<b>Notice of Valuation</b>	On furnishing a valuation list to the council of a local government area, the Valuer General must provide a notice of each valuation contained in the list to the owner or any lessee or occupier of the land.
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<b>owner</b>	For the purpose of this policy means the hypothetical owner of the land who due to rights conferred under the <i>Mining Act 1992</i> is entitled to receive 7/8ths of the royalty payable on proclaimed minerals extracted from the land.
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<b>probable</b>	A probable ore reserve is the economically mineable part of an indicated, and in some circumstances measured mineral resource. The confidence in the modifying factors applying to a probable ore reserve is lower than that applying to a proved ore reserve (JORC 2012).
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<b>proclaimed mineral</b>	Means any substance prescribed in the Mining Regulation and includes coal and oil shale, but does not include petroleum.
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<b>prospecting licence</b>	A licence provided under the <i>Mining Act 1992</i> to prospect for opal.
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<b>proven</b>	A proved ore reserve is the economically mineable part of a measured mineral resource. A proved ore reserve implies a high degree of confidence in the modifying factors (JORC 2012).
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<b>run of mine</b>	The run of mine (ROM) is the raw mineral extracted from the mine before any processing. In mining, ROM is the mineral as it comes from the mine to the mine head before any treatment.
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<b>sale</b>	The transfer of property between parties. To use a sale as market evidence, it must have been: <ul style="list-style-type: none"> <li>• an arm's length transaction</li> <li>• between a willing buyer and willing seller who both acted knowledgeably, prudently and without compulsion</li> <li>• properly marketed.</li> </ul>
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<b>spot price</b>	The spot price is the current price at which a commodity can be bought and sold.
<b>statutory restrictions</b>	Statutory restrictions on the land may include environmental planning instruments and development control plans, as well as restrictions relating to the clearing of land, water and soil management.
<b>unencumbered</b>	Unencumbered land is land without any encumbrances. An encumbrance is any right to or interest in land by someone other than the owner, and that prevents the transfer of that land or lowers its value. It might include an easement, restrictive covenant, mortgage, or other restriction.
<b>valuing year</b>	The year starting 1 July. Valuation reflects the property market at the start of the valuing year.

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## 2.2 Laws and policies

<b>Governing law</b>	<i>Valuation of Land Act 1916</i> <i>section 6A</i>
	<i>Mining Act 1992</i>

## 3 Context

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### 3.1 Role of the Valuer General

#### **The Valuer General for NSW**

In NSW, the *Valuation of Land Act 1916* establishes the Valuer General as the independent statutory officer responsible for ensuring the integrity of land valuations in NSW.

Valuation Services, Property NSW manages the valuation system on behalf of the Valuer General, outsourcing the majority of valuation services to private valuation firms.

The Valuer General is committed to maintaining an open and transparent valuation process that is easy for landholders to understand.

## Copyright

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Office of the Valuer General

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Any enquiries relating to the policy may be addressed to the Office of the Valuer General at [valuergeneral@ovg.nsw.gov.au](mailto:valuergeneral@ovg.nsw.gov.au).

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## Document control

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### Approval

Name and position	Signature and date
Michael Parker, Acting Valuer General	 28/06/2019

### Version

Number	Status	Date	Prepared by	Edited by	Comments
1.0	Final	28 June 2019	Michael Parker	Rachael Burn	First release

### Next review

Date	Comments
July 2020	Annual policy review. May be reviewed sooner following release or as needed.