

Valuer General's Policy

ISSN 2203-9600

May 2019

Valuation of land used for coal mining

What

This policy guides valuers on the methods to use, and factors to consider, when valuing land used for coal mining for rating and taxing purposes.

How

Under this policy, valuers determine the land value of land used for the purpose of a coal 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 coal mining are:

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

Contents

1	Policy	1
1.1	Scope	1
1.2	Identification of mine land	1
1.3	Assumptions and considerations	2
1.4	Valuation rationale	2
1.5	Royalties	3
1.6	Life of the mine	5
1.7	Saleable value of coal	5
1.8	Further considerations	8
1.9	Residual/surface land	9
1.10	Administration	10
1.11	Valuation methods	12
2	References	14
2.1	Definitions	14
2.2	Laws and policies	18
3	Context	19
3.1	Role of the Valuer General	19

1 Policy

1.1 Scope

Land used for mining

Use this policy to assess the value of land that is being used for or could be used for coal mining.

mine land

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

mining lease

1.2 Identification of mine land

Identification

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

exploration licences

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

prospecting licences

authorisation areas

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 and or leased to a mine operator.

council area

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 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.

The 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.

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 coal (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

deep underground

underground

open cut mines

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

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

Coal royalties

Royalties are levied on all coal recovered in New South Wales, and two types of coal royalties apply:

Ad Valorem Royalty – *Royalty for coal is charged as a percentage of the value of production (total revenue*

less allowable deductions). The coal ad valorem royalty rates are 6.2% for deep underground mines (coal extracted below 400 metres), 7.2% for underground mines and 8.2% for open cut mines.

Coal Reject Royalty – Royalty is payable if the coal reject is used or disposed of for the purpose of producing energy. Coal reject is defined as a by-product of the mining or processing of coal that has energy value of less than 16 gigajoules per dry tonne or contains more than 35% ash by dry weight. The rate of royalty on coal in coal reject is no more than half the rate applicable to coal.

See: www.resourcesandgeoscience.nsw.gov.au/miners-and-explorers/enforcement/royalties

Section 74 of the *Mining Regulation 2016* states that:

....the quantity of coal taken to have been recovered during any particular period, is the quantity of coal disposed of by the holder of the mining lease during the period, as determined by the Chief Commissioner (Revenue NSW) having regard to any records kept by the holder of the mining lease.

Royalty payable to Crown

Section 77 of the *Mining Regulation 2016*, stipulates that, in the case of coal, royalties are payable monthly or no later than 21 days from the end of the month.

Coal Royalty and Statistics Returns

Chief Commissioner

Coal Royalty Returns (coal returns) are to be lodged monthly, or in any case not later than the 21st day of the following month, and annually, by 31 July each year, with Revenue NSW by the holder of a mining lease. The coal returns include data on the ROM production, saleable output, allowable deductions, value of mineral sold, the coal reserves and saleable quantities of coal.

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 2016*:

- 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.

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

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

1.6 Life of the mine

Life of mine

proven

probable

The life of mine (LOM) is determined by dividing the proven and probable reserves by the ROM.

The information required is to be taken directly from the coal 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 coal

Value of sales

spot price

The royalty income is to be determined by calculating the saleable value of the coal.

The saleable value is to be calculated using the spot price for coal applied to the annual 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.

Extent of mineralisation

JORC reports

Mining Operation Plans

AEMRs

inferred

indicated

measured

The extent of the mineral deposits will be determined from studies completed by the mining company. The information is obtained from either the coal 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.

Calorific value

Different coal mines will produce coal of varying calorific values (CV). Coal prices are reported based on a benchmark CV. The benchmark rate can be obtained from: www.indexmundi.com/commodities/?commodity=coal-australian.

Coal with a CV in excess of the benchmark achieves a premium and coal with a CV less than the benchmark will incur a price reduction. The appropriate adjustment to the

weighted average price should be made to reflect the positive or negative CV value of the particular mineral being valued in relation to the benchmarks.

Information on calorific value can be obtained from the coal return, from information provided on miners' websites, in Mine Operations Plans and quarterly and annual reports.

Run of mine

The run of mine (ROM) is the raw mineral extracted from the mine before any processing. In coal mining, ROM is the coal as it comes from the mine not treated at a preparation plant.

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

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

Net disposals

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

The net disposal is the amount of raw production less waste. This may vary significantly depending on the quality of the coal being mined.

Allowable deductions

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

In general terms the allowable deductions are:

- beneficiation costs (washing)
- Coal Research Levy
- Mine Subsidence Levy
- Commonwealth Levy for Long Service Leave
- Mines Rescue Levy.

Please go to this link for full information:

www.resourcesandgeoscience.nsw.gov.au/__data/assets/pdf_file/0004/65866/Ad-valorem-coal-royalties.pdf

Allowable deductions are to be obtained from the coal returns provided to Revenue NSW.

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.

Note 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

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 coal 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 14F and 14F(4) 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.
- Requests for separate valuations must be provided on an annual basis and changes of lease details must be advised to Property NSW immediately.
- 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 deposits 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**

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 Mining Operations Plan 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 held will not cover the total costs.

1.10 Administration

Mine land divided by local government boundary

Where a mine lies partly in one local government area 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 one and partly in another local government area 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 Energy will assist with details of any new or amended leases.

Land tax**colliery holding**

Land tax is not levied on the added value of coal. Section 14F(4) of the Valuation of Land Act requires that the amount of increase in the land value due to the presence of coal in a colliery holding is to be separately recorded. The coal allowance is shown separately in the Notice of Valuation.

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 coal 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 of coal for Kcal value
6.	Adjust for Allowable Deductions
7.	Determine the value of coal 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 coal
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

2.1 Definitions

added value of improvements	The value that improvements add to the land, is determined by comparing market evidence for land with improvements, to that for vacant or lightly improved land.
Ad Valorem	Ad valorem is a calculation based on a proportion of the value.
AEMR	Annual Environmental Management Report (AEMR). The AEMR consolidates Government reporting requirements relating to environmental management and rehabilitation of mines. For further information see www.resourcesandenergy.nsw.gov.au/__data/assets/pdf_file/0003/478461/AEMR-Guidelines-for-MOPs-prepared-to-EDG03-requirements.pdf .
authorisation areas	Means land that is the subject of an authorisation under the <i>Mining Act 1992</i> .
Chief Commissioner	The Chief Commissioner of Revenue NSW is responsible for the fair administration of state taxation and revenue for, and on behalf of, the people of NSW.
coal reject	Coal reject means the by-product of the mining or processing of coal that contains a mixture of coal and other substances (such as shale) and has either an energy value (the maximum energy capable of being produced by it on combustion) of less than 16 gigajoules per tonne (dry weight) or contains more than 35 per cent ash by dry weight.
council area	A council area is an area proclaimed by the Governor of New South Wales in the NSW Government gazette.
colliery holding	Land used for a coal mine.
Crown land	Land vested in the State of New South Wales. This land may be held under Crown title or Torrens title.
Crown royalty	The Crown royalty is the payment required to be made to the government for the purchase of minerals owned by the Crown.
date the valuation is made	The actual date on which the valuer performs the valuation. The physical condition of the land and the manner in which it may be used on the date the

	valuation is made must be assumed to be the same as at 1 July. See section 14K of the Valuation of Land Act.
deep underground	Deep underground means mining carried out at a mine in which coal situated at a depth of 400 metres or more is extracted by means other than open cut methods.
discounted cash flow analysis	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.
exploration licence	Exploration licence means an exploration licence granted under Part 3 of the <i>Mining Act 1992</i> .
fee simple in possession	Absolute title to land, free of any other claims against the title, which one can sell or pass to another by will or inheritance.
highest and best use	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.
improvement	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).
indicated	The term indicated is used to provide a description of the level of confidence in the extent of a coal resource based on the amount of geological investigation. Indicted is a reasonable level of confidence (JORC 2012).
inferred	The term inferred is used to provide a description of the level of confidence in the extent of a coal resource based on the amount of geological investigation. Inferred is a low level of confidence (JORC 2012).
JORC reports	<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 www.jorc.org.</p>

land improvement	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.
land value	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.
life of mine	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.
measured	The term measured is used to provide a description of the level of confidence in the extent of a coal resource based on the amount of geological investigation. Measured is a high level of confidence (JORC 2012).
mine	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.
mining lease	Mining lease means a mining lease granted under Part 5 of the <i>Mining Act 1992</i> and includes a consolidated mining lease.
mining operations plan	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.
net present value	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.
Notice of Valuation	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.
open cut mines	Open cut mining is a surface technique of extracting minerals from the earth from an open pit.
owner	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.
probable	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).

proclaimed minerals	Means any substance prescribed in the Mining Regulations and includes coal and oil shale, but does not include petroleum.
prospecting licence	A licence provided under the <i>Mining Act 1992</i> to prospect for opal.
proven	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).
run of mine	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.
sale	The transfer of property between parties. To use a sale as market evidence, it must have been: <ul style="list-style-type: none"> • an arm's length transaction • between a willing buyer and willing seller who both acted knowledgeably, prudently and without compulsion • properly marketed.
spot price	The spot price is the current price at which a commodity can be bought and sold.
statutory restrictions	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.
underground mining	Means mining (other than deep underground mining) carried out at a mine in which coal is extracted other than by open cut methods.
unencumbered	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.
valuing year	The year starting 1 July. Valuation reflects the property market at the start of the valuing year.

2.2 Laws and policies

Governing law	<i>Valuation of Land Act 1916</i>
	<i>Mining Act 1992</i>

3 Context

3.1 Role of the Valuer General

The Valuer General for NSW

In NSW, the Valuation of Land Act 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 an open and transparent valuation process that is easy for landholders to understand.

Copyright

Title: Valuation of land used for coal mining

ISSN: 2203-9600

Office of the Valuer General

Copyright



© Crown in right of New South Wales through the Office of the Valuer General, 2019.

This copyright work is licensed under a Creative Commons Australia Attribution 4.0 licence,

<https://creativecommons.org/licenses/by-nd/4.0/legalcode>

Any enquiries relating to the policy may be addressed to the Office of the Valuer General at valuergeneral@ovg.nsw.gov.au

Author: Office of the Valuer General


Disclaimer

The Office of the Valuer General has prepared this policy, but users should obtain independent advice when making any decisions drawing on this policy.

- ① For more on our copyright and disclaimer notices, go to www.valuergeneral.nsw.gov.au or contact the Office of the Valuer General by telephone on 1300 011 141.

Document control

Approval

Name and position	Signature and date
Michael Parker, Acting Valuer General	 16 May 2019

Version

Number	Status	Date	Prepared by	Edited by	Comments
1.0	Final	16 May 2019	Michael Parker	Rachael Burn	Final

Next review

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