



## POSITION PAPER 1

### ANNUAL MINING TENEMENT RENT INCREASES

#### ISSUE

How does the Department account for annual mining tenement rent increases given that rent is paid in advance and rents are generally increased annually?

#### BACKGROUND

Section 108 of the *Mining Act 1978* provides that the rent shall be payable for mining tenements as may be prescribed. Sub-regulation 109(4) of the Mining Regulations 1981 provides that:

“...The prescribed rent for a mining tenement for the second and subsequent years of the term of the tenement shall be paid yearly in advance within one month after the anniversary of the date on which the term commenced.”

The fees and charges in Schedule 2 of the Mining Regulations 1981 are generally updated annually.

#### POSITION

The rent payable is the rate that is the prescribed rate on the tenement's anniversary date.

Pursuant to Regulation 109, the anniversary date of the tenement is the determining factor of what amount of rent is charged. For example, a mining tenement with an anniversary date in the current financial year is liable to pay the rate for that year even though the financial transaction may take place in the following financial year.

For example, say there is a rental increase 1 July:

- For a tenement with an anniversary date 30 June, the applicable rate is the 'old' rental rate notwithstanding that the rent may be tendered after 1 July.
- For a tenement with an anniversary date 1 July or thereafter, the applicable rate is the 'new' rental rate.

#### REFERENCES

Section 108 of the *Mining Act 1978*

Regulation 109 and Schedule 2 of the Mining Regulations 1981