

## Mining Amendment Regulations (No. 4) 2014

Made by the Governor in Executive Council.

### 1. Citation

These regulations are the *Mining Amendment Regulations (No. 4) 2014*.

### 2. Commencement

These regulations come into operation as follows —

- (a) regulations 1 and 2 — on the day on which these regulations are published in the *Gazette*;
- (b) the rest of the regulations — on the day after that day.

### 3. Regulations amended

These regulations amend the *Mining Regulations 1981*.

### 4. Regulation 85 amended

- (1) In regulation 85(1) delete the definition of *royalty value*.
- (2) In regulation 85(1) insert in alphabetical order:

*royalty value*, in relation to —

- (a) a mineral other than gold or iron ore, means the gross invoice value of the mineral less any allowable deductions for the mineral; or
- (b) gold, means the royalty value of gold metal produced calculated in accordance with regulation 86AA(7); or
- (c) iron ore, has the meaning given in regulation 86AD(2);

*shipping costs* has the meaning given in regulation 86AD(1);

### 5. Regulation 85B amended

In regulation 85B(1):

- (a) in paragraph (c) delete “value” (2<sup>nd</sup> occurrence) and insert:

value,

- (b) delete paragraph (d) and insert:
  - (d) the gross invoice value of the mineral and when it was paid;
  - (daa) any allowable deductions for the mineral;
  - (dab) in the case of iron ore, any shipping costs;

**6. Regulation 86 amended**

In regulation 86 in the Table in the item for Iron Ore (including magnetite):

- (a) delete:

fine ore (iron ore, excluding beneficiated ore, that will pass through a 6 mm mesh screen)	The rate is —
	<ul style="list-style-type: none"> <li>(a) if the shipment date is before 1 July 2012 — 5.625% of the royalty value;</li> <li>(b) if the shipment date is on or after 1 July 2012 and before 1 July 2013 — 6.5% of the royalty value;</li> <li>(c) if the shipment date is on or after 1 July 2013 — 7.5% of the royalty value.</li> </ul>

- (b) delete “lump ore (iron ore, excluding beneficiated ore, that will not pass through a 6 mm mesh screen)” and insert:

iron ore other than beneficiated ore

**7. Regulation 86AD inserted**

After regulation 86AC insert:

**86AD. Royalty value of iron ore**

- (1) In this regulation —
  - grade*, of iron ore, means the iron content of the ore expressed as the percentage of iron per dry metric tonne of ore;
  - Platts freight rate* means —
    - (a) the freight rate for capesize vessels on the Australia route published in the Platts index on the day the iron ore for which royalty is payable is first sold; or
    - (b) if there is no freight rate as described in paragraph (a), the freight rate for capesize vessels on the Australia route last published in

the Platts index before the day referred to in that paragraph;

**Platts index** means the table headed “Platts Daily Iron Ore Price Assessments” set out in the publication titled “SBB Steel Markets Daily” published by Platts (a division of McGraw Hill Financial);

**Platts midpoint price** means —

- (a) the daily iron ore midpoint price published in the Platts index on the day the iron ore for which royalty is payable is first sold; or
- (b) if there is no daily iron ore midpoint price as described in paragraph (a), the daily iron ore midpoint price last published in the Platts index before the day referred to in that paragraph;

**shipping costs**, for iron ore, means the amount, in Australian currency, of any of the following costs reasonably incurred after the shipment date by the person liable to pay the royalty for the ore in relation to shipping the ore —

- (a) freight costs adjusted for the following —
    - (i) address commission;
    - (ii) despatch or demurrage at the port of discharge;
  - (b) dead freight costs;
  - (c) marine and cargo insurance costs;
  - (d) bunkerage costs.
- (2) The royalty value of iron ore is —
- (a) if the first sale of the ore is effected by delivery onto or from a ship exporting the ore from Australia (as evidenced by a bill of lading) — the gross invoice value of the ore less shipping costs for the ore; or
  - (b) in any other case — the reference amount for the ore.
- (3) The reference amount for iron ore is —
- (a) the amount, in Australian currency, obtained by multiplying the quantity (in dry metric tonnes) of the ore in the form in which it is first sold (as set out in invoices relating to the sale) by the index price for the ore; less
  - (b) the amount, in Australian currency, obtained by multiplying the quantity (in wet metric tonnes) of the ore in the form in which it is first sold (as set out in invoices relating to the sale) by the index freight component for the ore.

- (4) For the purposes of subregulation (3)(a), but subject to subregulations (5) and (6), the index price for iron ore (the *royalty ore*) is —
- (a) the Platts midpoint price for iron ore of the same grade as the royalty ore; or
  - (b) if there is no Platts midpoint price for iron ore of the same grade as the royalty ore — the price calculated in accordance with the following formula —
- $$IP = MP \times \frac{G}{RG}$$
- where —
- IP is the index price;
- MP is the Platts midpoint price for iron ore of the closest grade (the *reference grade*) to the grade of the royalty ore;
- G is the percentage number of the grade of the royalty ore;
- RG is the percentage number of the reference grade.
- (5) If the grade of the royalty ore, or the closest grade to the grade of the royalty ore, is 58%, the Platts midpoint price is the Platts midpoint price described as “58% Fe low Al CFR North China”.
- (6) If the grade of the royalty ore is halfway between 2 grades of iron ore listed in the Platts index, the lower of the 2 grades is to be taken to be the closest grade to the grade of the royalty ore.
- (7) For the purposes of subregulation (3)(b), the index freight component for iron ore is the Platts freight rate multiplied by 2.

## 8. Regulation 86A amended

- (1) After regulation 86A(5B) insert:

- (5C) In the case of iron ore —

- (a) if the royalty value of the ore is as described in regulation 86AD(2)(a) — royalties are, subject to subregulation (6), to be paid within 30 days after the end of the quarter during which the gross invoice value of the ore (or any part of that value) was paid by the purchaser of the ore; or

(b) if the royalty value of the ore is as described in regulation 86AD(2)(b) — royalties are to be paid within 30 days after the end of the quarter during which the ore was sold.

(2) In regulation 86A(5) delete “a mineral” and insert:

a mineral, other than gold or iron ore,

(3) Delete regulation 86A(6) and insert:

(6) In the case of a mineral, other than gold or iron ore to which subregulation (5C)(b) applies, the royalty for which is based on royalty value, royalties may be paid in part-payments in accordance with subregulation (7) if the gross invoice value of the mineral is paid in part-payments.

(4) In regulation 86A(8) delete “value or allowable deductions” and insert:

value, allowable deductions or, in the case of iron ore, shipping costs

**9. Regulation 87 amended**

In regulation 87(1)(b) after “allowable deductions” insert:

or, in the case of iron ore, the shipping costs

R. KENNEDY, Clerk of the Executive Council.