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Mr Phillip Trestrail
Director, Corporate Services
City of Karratha
Lot 1083 Welcome Road
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Dear Phillip

Change of Rating Value for Mining, Petroleum and Resource Interests

Thank you for the opportunity to provide a submission regarding the City of Karratha's review of the method of rating from Unimproved Valuation (UV) to Gross rental Value (GRV) for properties that have a mining, petroleum or resource interest in accordance with Section 6.28(2) and 6.29 of the *Local Government Act 1995* and the Department of Local Government and Communities' Rating Policy – Valuation of Land- Mining (**GRV Policy**)

This submission is made on behalf of Hamersley Iron Pty Ltd (**HI**) and the Robe River Iron Associates (**Robe**) in relation to assets contained on:

HI

- 7-Mile Rail Maintenance - Lot 175 Dampier Road
- Railyards at 2-Mile - Lot 34 Dampier-Tom Price Railway
- East Intercourse Island, Entrance - Lot 91 East Intercourse Island
- East Intercourse Island, Kangaroo Hill & Parker Point - Lot 91 East Intercourse Island

Robe

- Cape Lambert processing facility – L65 Cape Lambert Road, Port Samson

As a general comment, we do not dispute the application of the GRV Policy to these locations which are operated under the *Iron Ore (Hamersley Range) Agreement Act 1963* and the *Iron Ore (Robe River) Agreement Act 1964* respectively.

However, in our view, some of the assets listed for a change from UV to GRV rating valuation provided by the City do not qualify under the GRV Policy for such a change. Accordingly, we recommend that those assets identified should remain a UV valuation in accordance with the GRV Policy.

An assessment of all of the assets listed for valuation change is detailed below, including our acceptance or not of their alignment to the GRV Policy. Where we dispute application of the GRV Policy to a particular asset, a short statement explaining the basis of our position has been provided.

Our view of the proposed valuation changes are detailed below in Table 1 for assets associated with HI and in Table 2 for assets associated with Robe.

Table 1: Hamersley Iron Pty Ltd (Dampier)

Description	Indicative GRV value	GRV policy qualification	Explanation
1. 7-Mile Rail Maintenance - Lot 175 Dampier Road			
Administration Buildings	\$155,100	Accepted	-
Workshop	\$102,700	Not Accepted	Workshop is located more than 120 metres from any administration building at 7-Mile and therefore is not within scope of limb (b) of the GRV policy.
Training Centre	\$41,500	Not Accepted	This building comprises 3 room dedicated to training activities, with office space/crib for the resident training department. This is a training facility, not an administration building. It is therefore not a qualifying asset under the GRV policy.
Rail Maintenance Workshop	\$1,150,000	Accepted	-
2. Railyards at 2-Mile - Lot 34 Dampier-Tom Price Railway			
Site Office	\$2,600	Accepted	-
3. East Intercourse Island, Entrance - Lot 91 East Intercourse Island			
Administration Building	\$116,700	Accepted	-
Laboratory	\$123,000	Not Accepted	This building is part of our laboratory facility at EEI and naturally includes office space/crib for the resident laboratory department. However, this building is not an administration building. It is therefore not a qualifying asset under the GRV policy.
Reliability Assurance Building	\$30,400	Not Accepted	This is an operational building that houses Asset Health maintainers and equipment. It is not an administration building or maintenance workshop. It is therefore not a qualifying asset under the GRV policy.

Port Admin Building	\$55,800	Accepted	-
Workshop	\$62,800	Not Accepted	While this building is a maintenance workshop, it is not located within 100m of a qualifying asset and therefore does not come within scope of limb (b) of the GRV policy.
4. East Intercourse Island, Kangaroo Hill & Parker Point - Lot 91 East Intercourse Island			
Admin Building	\$183,200	Accepted	-
Warehouse	\$124,000	Not Accepted	<p>This building is a storage and distribution centre for operational and maintenance parts and supplies.</p> <p>It is not an administration building or maintenance workshop. It is therefore not a qualifying asset under the GRV policy.</p>
Training Centres	\$116,700	Accepted	We have presumed that this item is a reference to the Wallaby Flats Training Centre at Parker Point, which has been recently recommissioned as an administration building.
Belt Shed	\$14,400	Not Accepted	This structure is a storage and laydown area for conveyor belts and machines. It is not an administration building or maintenance workshop. It is therefore not a qualifying asset under the GRV policy.
Tyre Bay	\$12,100	Not Accepted	<p>This structure is adjacent to the Light Vehicle workshop and is a storage and laydown area for light and medium duty vehicles tires.</p> <p>While this structure could be considered a maintenance workshop, it is not located within 100m of a qualifying asset and therefore does not come within scope of limb (b) of the GRV policy.</p>
Light Vehicle Workshop	\$99,000	Not Accepted	<p>This structure is a maintenance workshop.</p> <p>However, it is not located within 100m of a qualifying asset and therefore does not come within scope of limb (b) of the GRV policy.</p>
Port Maintenance & Planning	\$23,200	Accepted	-
Workshop	\$357,000	Not Accepted	<p>This structure is a maintenance workshop.</p> <p>However, it is not located within 100m of a qualifying asset and therefore does not come within scope of limb (b) of the GRV policy.</p>

Utilities Workshop	\$138,000	Not Accepted	This structure could be considered a maintenance workshop. However, it is not located within 100m of a qualifying asset and therefore does not come within scope of limb (b) of the GRV policy
Car Dumpers	\$245,000	Not Accepted	This is an operational area that includes the car dumpers which are the machines that interact with loaded ore trains to allow for the removal of iron ore from trains onto conveyor belts. It is not an administration building or maintenance workshop. It is therefore not a qualifying asset under the GRV policy.
East Intercourse Island Workshop	\$94,000	Accepted	-
Sample Testing Building	\$18,000	Not Accepted	This is an operational building for the crushing preparation and chemical analyses of iron ore samples to confirm quality characteristics of saleable product. It is not an administration building or maintenance workshop. It is therefore not a qualifying asset under the GRV policy.

Table 2: Robe River Iron Associates

Description	Indicative GRV value	GRV policy qualification	Explanation
5. Cape Lambert processing facility – L65 Cape Lambert Road, Port Samson			
Main Administration Building	\$32,200	Accepted	-
Train Unloader	\$31,300	Not Accepted	This area contains operational equipment for unloading trains at the port. It is not an administration building or maintenance workshop. It is therefore not a qualifying asset under the GRV policy.
Plant Control Building	\$32,500	Not Accepted	This building is currently vacant but has previously been used as a backup control room for port operations. It is not an administration building or maintenance workshop. It is therefore not a qualifying asset under the GRV policy.
Warehouse	\$86,000	Not Accepted	This structure is a storage warehouse, not a maintenance workshop. In any event, it is not located within 100m of a qualifying asset and therefore does

			not come within scope of limb (b) of the GRV policy.
Maintenance & Planning Building	\$75,400		
Monadelphous Building	\$30,700	Accepted	It is noted that this building is currently empty and has been scheduled for removal in 2018
SKM Building	\$139,100	Accepted	-

We consider that the above characterisation of the assets listed in the Tables is accurate and consistent with both the drafting and intentions of the GRV Policy. We would be more than happy to discuss these conclusions with you.

Thank you again for providing this opportunity to make a submission.

Please do not hesitate to contact me on 9205 0382 if you have any questions regarding our submission.

Yours sincerely



Chris Richards
General Manager

