Mines

Background

1. Schedule 11 of the Rates (Northern Ireland) 1977 Order includes details of all properties that are not to be considered rateable properties (known as hereditaments) for rating purposes. This includes mines that have been opened (including mines previously abandoned) for less than 7 years or that have been abandoned. This is a long standing exemption that has been in place since 1852. Within the relevant legislation, a mine is defined as:

   “an excavation or system of excavations made for the purpose of, or in connection with, the getting, wholly or substantially by means involving the employment of persons below ground, of minerals (whether in their natural state or in solution or suspension) or products of minerals.”

2. Furthermore, mines are classified as industrial hereditaments under Schedule 2 of the Rates (Northern Ireland) 1977 Order and are entitled to 70% relief in the same way as other industrial hereditaments.

3. Locally, there are a small number of mining operations, with one mine currently undergoing exploratory/feasibility analysis that may be subject to a planning application in due course. In addition, around 20 Prospecting Licences have been issued by the Crown Estates as well as the Department for the Economy. These prospecting licences cover significant geographical areas and represent the speculative first stage of all potential future mining activity.

Policy Proposal

4. Although the original intention of the exemption remains unclear, it is apparent that such an exemption would reduce the financial risk for those individuals or companies seeking to benefit financially from the rewards available from mining.

5. Consequently when deciding upon the continuing relevance of this relief, it will be necessary to consider whether the relief is potentially too generous in terms of revenue forgone or whether its removal would act as a barrier to entry for those firms seeking to develop and establish a new mining venture, with the associated opportunity cost in terms of jobs and economic development.
6. It is the view of the Department that there is no good reason why this exemption should remain, particularly given that mines are entitled to 70% industrial derating; an entitlement that cannot be removed as industrial derating rules cannot be changed in any way for fear of losing its special pre-accession status under State Aid rules.

7. Currently, mines that can be defined within the parameters of the 100% exemption i.e. a new mine less than 7 years old, would not make a direct contribution to local finances at either a District or Regional level. Consequently when trying, where possible, to apply the principle that everyone should pay something, there appears to be no good reason as to why this exemption should be maintained.

8. It is the intention of the Department that mines that have been abandoned (unless reopened) would not fall within the remit of this change and that only those mines that are considered to be commercially viable and are productive will be liable for a rating charge at the prevailing industrial derated limit i.e. 30%. Exploratory mines may not be liable in any case, it will depend on a number of factors, notably the ‘portability’ of plant and machinery.

Questions for Consultees

- What are the implications for the mining sector of removing this relief?