



City of **Perth**

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# Additional Item – 14.4

Agenda Briefing Session

18 October 2022

Notice of Meeting

To the Lord Mayor and Councillors

Please find enclosed additional reports for the Agenda Briefing Session to be held on Tuesday, 18 October 2022 in the Council Chamber, Level 9, 27 St Georges Terrace, Perth commencing at 5.00pm.

Michelle Reynolds

Chief Executive Officer



17 October 2022

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## 14. Corporate Services Reports

### 14.4 WACA Rates Exemption 2022/23 - Determination by Minister

Responsible Officer	Michael Kent – Chief Financial Officer
Voting Requirements	Simple Majority
Attachments	Attachment 14.4A – WACA Rates Exemption Chronology <a href="#">↓</a>  Attachment 14.4B – Minister's Letter re WACA Rates Exemption <a href="#">↓</a> 

### Purpose

The purpose of this report is to advise Council that the City has been notified of a determination by the Minister for Local Government, that the WACA Ground at 39 Nelson Crescent East Perth has been declared exempt from local government rates for the 2022/23 year.

### Recommendation

That Council

1. NOTES the ministerial declaration of the 100% rates exemption for the WACA ground for 2022/23 and agrees to amend the rate record for 39 Nelson Crescent for that year accordingly.
2. REQUESTS the Administration to write to the Minister for Local Government expressing the City's disappointment at:
  - a. The overturning of the previous 2018 ministerial determination that the WACA ground would no longer be granted a 100% rates exemption.
  - b. Not being afforded the opportunity to make a submission on the WACA request for rates exemption prior to the determination being made.
  - c. Highlighting the inequitable financial burden experienced by the City's ratepayers in subsidising the ongoing operations of the WACA over many years despite the WACA having some capacity to operate on a commercial basis.
3. REQUESTS the Administration to explore alternative mechanisms to require the WACA to make an equitable contribution to the cost of provision of local government facilities and services in line with that made by all other commercial ratepayers within the city.

## Background

1. All rateable properties within the City are levied rates based on the differential rate category applying to that land. The differential rating category relates to the predominant purpose for which the land is used.
2. The WACA ground at 39 Nelson Crescent is classified in the Commercial differential rating category.
3. All rateable land within the City is to be levied rates unless it qualifies for one of the limited statutory exemptions under Section 6.26 of the Local Government Act or the Council agrees to offer a rate concession under Section 6.12 of the Act.
4. The two mechanisms for considering such concessional rating treatments are:
  - a. Rates Concession - determined by the City
  - b. Rates Exemption - determined by the Minister for Local Government
5. The WACA has previously been determined by the City to not be eligible for the statutory section 6.26(2)(g) exemption for land used exclusively for charitable purposes.
6. There has been a history of alternating exemptions and concessions associated with the WACA site and these are discussed in more detail later in this report.
7. **Attachment 14.4A - WACA Rates Concessions / Rates Exemptions Chronology** presents an info-graphic summarising those arrangements.
8. The WACA ground is the only property within the Commercial differential rating category that has been or is receiving a concessional rates arrangement. The adjacent Gloucester Park property pays full rates.
9. Recognising the anomaly that the WACA was the only rateable property in the Commercial category receiving a rates concession, Council resolved in 2021 to phase out the existing rating concession over the next three rating years.
10. For the 2022/23 year, Council had resolved to provide a 67% rate concession to the WACA in line with the decision to phase out the concession over three years (67% / 33% / 0%).
11. It was on that basis that the 2022/23 rates notice was issued to the WACA on 02 August 2022.
12. The City was notified in writing on 13 October that the WACA had approached the Minister for Local Government seeking a 100% exemption from the payment of local government rates for the 2022/23 year - and that the minister had granted that full rates exemption.
13. The Minister's 2022 determination is inconsistent with the decision by the then Minister for Local Government in 2018/19 that the WACA would no longer be granted a rate exemption.

## Discussion

14. The WACA ground at 39 Nelson Crescent has benefitted from concessional or full exemption from rates since 1975/76.
15. Between 1975/76 and 1995/96, the WACA ground benefitted from the broad legislative rates exemption afforded to Sporting Clubs under the former Local Government Act (1960)
16. In 1995/96, the 'new' Local Government Act (1995) removed the broad legislative exemption - however, the City of Perth continued not levying rates or charges to the WACA until 2003/04 when the Emergency Levy was introduced.

17. Between 2003/04 and 2013/14, the City was not levying rates to the WACA based on an exemption under a Local Government Act Section 6.26(2)(g). The estimated value of that concession was \$80K - \$100K per year. It was levying the WACA the ESL which was forwarded to the state government.
18. In 2013/14, the WACA was advised that it was not eligible for the Local Government Act Section 6.26(2)(g) concession.
19. The City proposed a progressive phasing out of the concession (commencing in 2013/14) over three years to ease the transitional burden on the WACA.
20. The WACA then approached the Minister for Local Government (annually) who granted a 100% ministerial exemption for each of the rating years between 2013/14 to 2017/18 inclusive.
21. This resulted in a forfeiture of approximately \$745K in rates - with the exemption effectively being subsidised by the City of Perth ratepayers.
22. In the 2018/19 year, the WACA again approached the then Minister for Local Government seeking a 100% rates exemption.
23. The Minister for Local Government **DECLINED** the request and advised that he required the City and the WACA to enter negotiates to agree an alternative rating approach.
24. Representatives of the City administration and the WACA met on site establishing that the ground houses the administration facility for the Western Australian Cricket Association, and whilst used for the purposes of developing and promoting cricket within the WA community; it also operates commercially in part and generates commercial income.
25. Agreement was reached that the proportion of the property that generated commercial income would be rated. This included the WA Cricket Museum, Prendiville Stand, Players' Pavilion, and the Bradman, Boundary, President's and Willow Rooms.
26. On the days on which the WACA playing surface was to be used for matches or other commercial purposes (concert performances etc), that area would also be deemed commercial on those days.
27. The City had the capacity to grant such a concession under Section 6.12(1)(b) of the Local Government Act.
28. Between 2018/19 and 2021/22, rates totalling \$736K were levied (using the Landgate supplied GRVs) against which a concession of \$687K was granted - resulting in Total Net Rates paid by the WACA of \$49K.
29. In 2022/23, rates of \$199K were levied, which the minister's recently advised rate exemption has reduced to zero.
30. In the ten years since 2013/14, the WACA has benefitted from \$1.60M worth of rate exemptions and concessions; and has contributed a total of just \$49K in rates (for the same ten year period).
31. During that same period the WACA has recorded annual revenues in its audited financial statements of between \$28.3M and \$38.3M per year.
32. Given the cost of servicing the WACA precinct over that ten year period; it is fair to question whether the Department of Local Government's own (published) Principles of Differential Rating, including 'Fairness and Equity' are being respected by these arrangements.
33. In addition, the Minister for Local Government's recent letter to the City indicates that he has not precluded the WACA from applying for a 100% rates exemption again in future years.

34. Whilst the City acknowledges that the WACA, like other ratepayers, can experience financial challenges; it also has a broader responsibility to the entire City of Perth community to expect a fair and equitable contribution from all its ratepayers towards the cost of delivery of facilities and services.
35. The repeated granting of 100% rate exemptions to a single ratepayer within the city would not appear to be consistent with that expectation.
36. Accordingly, it is considered appropriate for Council to request the administration to explore alternatives to require the WACA to make an equitable contribution to the cost of provision of local government facilities and services in line with that made by all other ratepayers within the city.
37. It is also noted that whilst the WACA site is impacted to some degree by the redevelopment proposal, it does continue to have some opportunity to operate commercially on match days such as the WBBL matches in October 2022 and hosting a performance of the opera Carmen in Feb 2023 (event sponsored by the City of Perth).

## Consultation

38. Since 2018/19, the City has engaged directly with the WACA each year to understand the commercial opportunities open to the WACA and to reflect those limitations appropriately in the calculation of the existing rates concession.
39. The City has also fully and openly conveyed any Council decisions relating to this matter to the WACA in a timely manner.
40. The City has not received advance notification from the WACA of any intent to seek a rates exemption.

## Decision Implications

41. Council's adoption of the report recommendation will result in transparent disclosure of the extent of the subsidy that the ratepayers of the City of Perth have provided the WACA over the last ten years and will allow Elected Members and the community to:
  - a. Make an informed assessment of whether this is consistent with the principles of differential rating - which require a fair and equitable contribution from all ratepayers.
  - b. Indicate whether they support the continuation of this subsidy which is not afforded to other ratepayers.
42. Should Council not support this recommendation, it is probable that the WACA will continue to seek rates exemption in future years, resulting in them not making the same fair and equitable contribution to the cost of providing services and facilities that other ratepayers make.

## Strategic, Legislative and Policy Implications

Strategy	
Strategic Pillar (Objective)	Sustainable
Related Documents (Issue Specific Strategies and Plans):	Annual Budget 2022/23 City of Perth Rates Methodology Statement

Legislation, Delegation of Authority and Policy	
<b>Legislation:</b>	Section 6.33 of the <i>Local Government Act 1995</i> and <i>Local Government (Financial Management) Regulations Part 5</i> . Section 6.12 of the <i>Local Government Act 1995</i> Section 6.26(2)(g)
<b>Authority of Council/CEO:</b>	Council has a responsibility to ensure that the owner of every rateable property in the city makes a fair and equitable contribution to the cost of providing local government services and facilities.
<b>Policy:</b>	Department of Local Government Rating Policy - Differential Rates This guidance states the principles to be applied when levying differential rates under Section 6.33 of the Local Government Act requires adherence to the principles of <ul style="list-style-type: none"> <li>• Objectivity</li> <li>• Fairness and Equity</li> <li>• Consistency</li> <li>• Transparency</li> </ul> Administrative Efficiency.

## Financial Implications

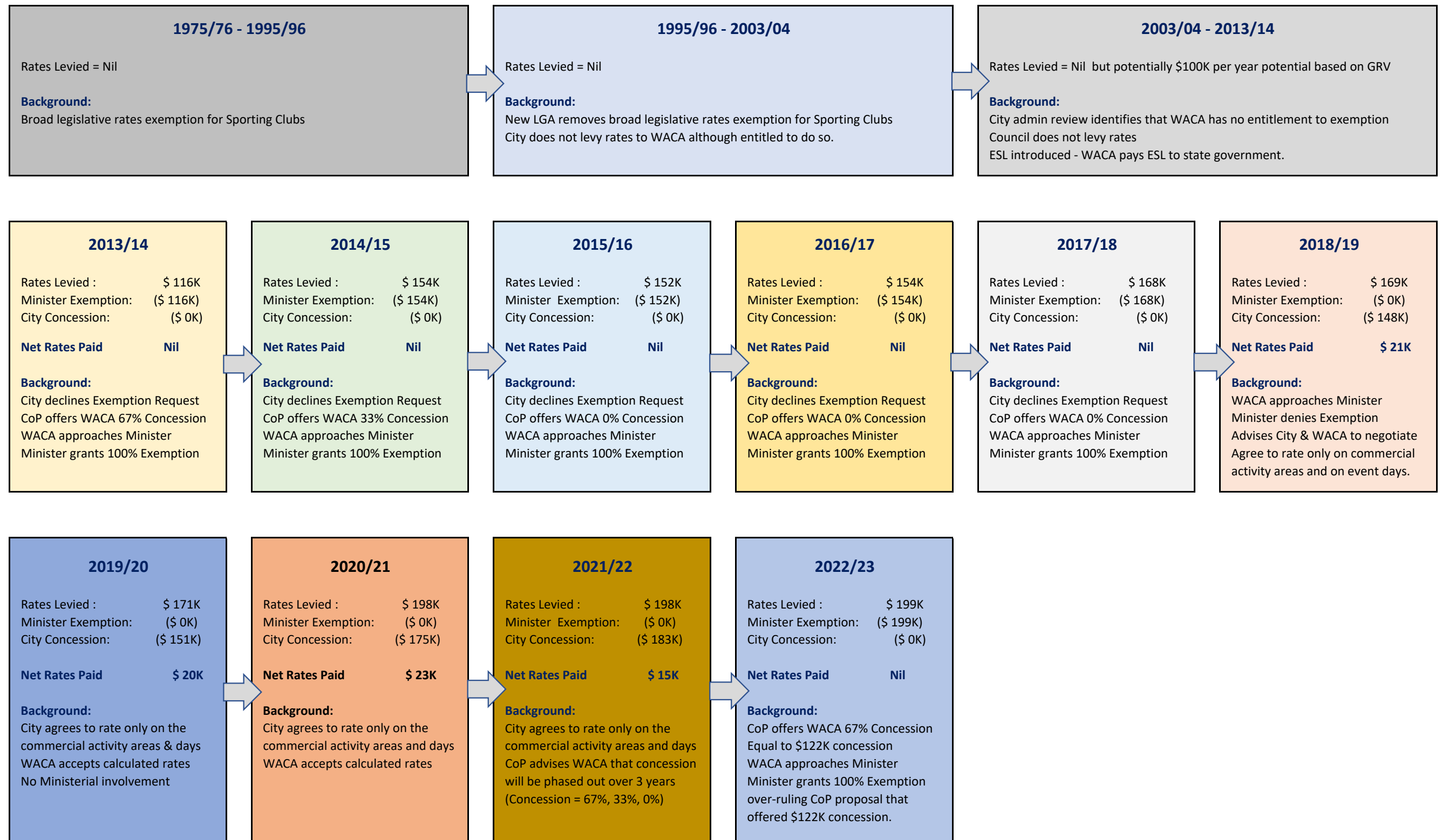
43. The immediate direct financial implications of this report on the 2022/23 year are a further reduction of \$77K against the previously anticipated rates revenue (already reduced by a \$122K Council Concession).
44. Over the next two financial years, there is potential for another \$200K per year forfeiture of rates revenue should the Minister again approve a rates exemption.
45. This is in addition to the previously identified adverse financial impact of \$1.6M on the City's rating revenues over the last ten years as a consequence of rates exemptions and concessions allowed to the WA Cricket Association.

## Further Information

Nil.



## WACA Rates Concessions / Rates Exemptions Chronology







**Hon John Carey MLA**  
**Minister for Housing; Lands; Homelessness; Local Government**

Our Ref: 78-07035

13 OCT 2022

Ms Michelle Reynolds  
Chief Executive Officer  
City of Perth  
GPO Box C120  
PERTH WA 6839

Dear Ms Reynolds

**39 NELSON CRESCENT, EAST PERTH - APPLICATION FOR EXEMPTION FROM LOCAL GOVERNMENT RATES**

I refer to the Western Australian Cricket Association (the Association)'s recent application seeking an exemption from paying local government rates at 39 Nelson Crescent, East Perth for the 2022/2023 financial year.

After careful consideration of the Association's application, I have decided to approve the application for an exemption declaring the land at 39 Nelson Crescent, East Perth, exempt from rates for the 2022/2023 financial year.

In making this decision, I recognise the significant impacts of the COVID-19 pandemic on the revenue collected by WA Cricket, and the fact that the planning and construction of the WACA Ground Improvement Project, funded through the Perth City Deal, challenges WA Cricket's capacity to meet ordinary rates payments.

My decision is consistent with decisions made by previous Ministers, and is intended to support WA Cricket and the City of Perth work towards a long-term solution for the rating of the WACA beyond the completion of the WACA Ground Improvement Project.

I have advised the Association of my decision and informed them that they will need to reapply if they wish to seek a further exemption after 2022/2023.

Yours sincerely



HON JOHN CAREY MLA  
MINISTER FOR LOCAL GOVERNMENT

Level 7, Dumas House, 9 Haystack Street, West Perth, WA 6005