

**MOTOR INDUSTRY TRAINING ASSOCIATION OF WESTERN AUSTRALIA —
CITY OF JOONDALUP RATES**

Grievance

MR A.P. O’GORMAN (Joondalup) [9.11 pm]: My grievance this morning is to the Minister for Local Government. I would like to go through some of the history of the Motor Industry Training Association of Western Australia, which is now located in Joondalup. It was set up in 1990 as an industry body to train apprentices. From 1990 to 1992, it trained 65 apprentices and was located in Cohn Street in Carlisle. By 1993, it had outgrown those premises and moved to new premises in Fremantle. By 1998, MITA had outgrown the premises in Fremantle and moved to Balcatta into a 1 200-square-metre training workshop with some training and administration rooms. The demand was so great on MITA that by 1998, additional training rooms had to be created in Balcatta, and it purchased or leased the adjoining property. Late in 1999, MITA acquired a whole lot of the adjoining property so that it could have 2 400 square metres of training space. At that point, MITA trained over 200 apprentices.

Earlier this year, Hon Peter Collier, along with federal Minister for Tertiary Education, Skills, Jobs and Workplace Relations, opened MITA’s new training centre in Joondalup. There are now 300 apprentices training at that centre in Joondalup. It is a great asset for the Joondalup electorate and for the Joondalup area. Joondalup is a city that is proud to say that it promotes education and training. We have Edith Cowan University, West Coast TAFE and the Police Academy. The Joondalup Health Campus is strongly working towards becoming a tertiary hospital. None of those organisations has an obligation to pay rents to the local council.

MITA is a not-for-profit organisation that provides training to apprentices for the motor industry. It has applied to the City of Joondalup for a rates exemption on the basis that it is a charitable organisation. It is well recognised as being a charitable organisation by the Office of State Revenue, and back in 1998–99, it was granted land tax exemption because it was an educational institution. Further, when MITA acquired the land in Joondalup to build its current facility, it was also granted a stamp duty exemption by the state government, again recognising MITA as a charitable organisation. MITA is also recognised by the Australian government as a charitable organisation. I will read a notice of endorsement for charity tax concessions from the Australian Taxation Office so it is very clear what MITA is allowed to be exempted from. The notice states —

MOTOR INDUSTRY TRAINING ASSN OF WESTERN AUSTRALIA INC, a **charitable institution**, is endorsed to access the following tax concessions from the dates shown:

- **Income tax exemption** from **5 March 2004** under Subdivision 50-B of the *Income Tax Assessment Act 1997*.
- **GST concessions** from **1 July 2005** under Division 176 of *A New Tax System (Goods and Services Tax) Act 1999*.
- **FBT rebate** from **1 July 2005** under section 123E of the *Fringe Benefits Tax Assessment Act 1988*.

Your organisation’s endorsement to access charity tax concessions, together with the date or period of effect, is entered in the public register maintained by the Australian Business Registrar ...

It is quite clear that both levels of government, state and federal, recognise the Motor Industry Training Association as an important provider of training Western Australia—not only in the northern suburbs, but right across Western Australia—for the motor industry. It is shameful that the City of Joondalup insists on charging this institution \$48 000 a year—this year—in local council rates. The City of Joondalup refuses to accept this association as a charitable organisation despite the fact that the state government and the federal government fully accept it as such. Currently MITA is being quoted rates as a commercial organisation; it is not. As members can see, the state and federal governments have accepted that MITA is not a commercial organisation. It is an educational institution; it competes with other organisations in the Joondalup area, and this approach by the City of Joondalup sets a bad precedent for training organisations. Another training organisation, the National Electrical Engineering Communications Association, also wants to locate to Joondalup and has already purchased land, but it is in a position in which it must now consider whether it will be able to move to Joondalup if it is to be hit with the sorts of rates the City of Joondalup has imposed on the Motor Industry Training Association.

We want to be a city that is proud of delivering education and training. We have the training precinct; the City of Joondalup has endorsed that, yet it refuses to accept these charitable organisations. I ask the minister to intervene and look at the City of Joondalup’s obligations to consider charitable organisations, particularly education and training organisations, within the City of Joondalup. If we want to expand this education and training precinct, we need to be able to attract organisations such as the Motor Industry Training Association and National

Electrical Engineering Communications Association group training scheme to Joondalup. NEECA already has facilities in Jandakot and Balcatta, and it has no local government rates to pay in Jandakot. Could the minister please intervene? I know that the Motor Industry Training Association has written to the minister previously, and I know that it has written to the Minister for Training and Workforce Development in the other place. My understanding is that the Minister for Training and Workforce Development has flipped it off—it is not his issue; it is a local government issue. Therefore, I bring this grievance to the minister this morning in the hope that he will give us some hope that we can maintain this Motor Industry Training Association in Joondalup without putting excessive costs or extra costs of \$50 000 a year onto the organisation. That is taking \$50 000 out of the training of apprentices in our state.

MR G.M. CASTRILLI (Bunbury — Minister for Local Government) [9.08 am]: I thank the member for Joondalup for bringing his grievance to me this morning. I understand that the Motor Industry Training Association applied for exemption from the City of Joondalup on the basis of, I think, section 6.26 of the Local Government Act, which provides that land used exclusively for charitable purposes is exempt from rates. MITA also requested a concession on rates imposed under section 6.47 of the act. The report on the request to councils noted that, as I think the member mentioned this before, MITA moved to the City of Joondalup but operated in Balcatta. I think the member said that MITA moved to Balcatta in 1998. From what I understand, MITA did not receive any exemption of rates from the City of Stirling, and I am not sure whether it applied for exemption from the City of Stirling. Obviously, MITA was there until 1998 until early this year, as I think the member said; therefore, I presume it has been paying rates to the City of Stirling for all this time. I am not sure whether the City of Stirling knocked MITA back or whatever—I am not sure of the circumstances—but I think the City of Joondalup refused MITA’s request in August. MITA has written to me. I have a copy of the letter I received from it on the thirteenth of this month. Section 6.26(4) of the Local Government Act applies to this matter, which gives me as minister the power to declare land exempt from rates. As I said, I got a letter from the Motor Industry Training Association on 13 September seeking exemption. My department is going through that application now, and I hope to get back a report on it from my department next week. I will therefore give the matter very due and fair consideration.

The member for Joondalup also mentioned that the Australian Taxation Office had endorsed MITA as an income tax—exempt charity entity. I also have a copy of a letter from the Water Corporation to MITA, which advises that MITA now receives reduced service charges up to a certain amount, and the member for Joondalup mentioned other tax exemptions and GST benefits. The issue of rate exemptions generally has always been a very contentious one for local governments throughout Western Australia because, as they keep telling me, they directly miss out on rates. They also tell me that there are some grey areas in the issue of exemptions. However, I understand that bodies such as MITA and others have applied for exemptions. A few organisations that were knocked back for exemptions by councils in the past, such as Retirees WA, went to the State Administrative Tribunal for a determination under the act. There is therefore another avenue that they can explore in the meantime if they want to, and that avenue would be available eventually down the track, if circumstances permit. However, as I said, I will certainly look at the matter for the member for Joondalup.

I have to tell the member that the issue of rate exemptions is very complicated. There are some grey areas between the commonwealth government and the state government about the definition of a “charitable purpose”. I sympathise with local governments to some degree about the amount of money they are missing out on; however, the act is the act and any determination must be determined appropriately. Local governments are saying that when a rate exemption is given to an entity—the member for Joondalup said MITA’s rates are \$48 000—the rest of the community has to pick up the tab for the cost of infrastructure and whatever else that goes on within that locality. However, that matter is being determined and, as I said, the act is the act. I cannot remember the exact figure that local governments throughout Western Australia are giving up in rates, but I believe it is several millions of dollars. However, the act is the act and exemptions must be determined according to the act. In the past when organisations were knocked back by local government because the exemption was in a grey area, I encouraged them to work together. Local governments can negotiate and say, “Okay, there’s the amount of rates. We’ll charge you the rates but we might give it back to you in the form of a grant.” That is one way they can do it. They are seen to be charging rates but are then giving them back in the form of a grant or an ex gratia payment. That is how some people have been negotiating with their local governments.

I thank the member for Joondalup for bringing the grievance to me. I did receive it, my department is certainly looking at it and I give him my assurance that I will give it the proper and full consideration. I forget the number of trainees MITA has; is it 400?

Mr A.P. O’Gorman: Three hundred.

Mr G.M. CASTRILLI: Three hundred trainees. I really appreciate and value the work that organisations such as MITA do, as people in such education facilities are all working in the same direction. I am not sure whether

MITA is in a specific education precinct in the City of Joondalup, but I really appreciate and value the work and training it does for our young people—and for the not so young. I therefore give MITA my full assurance that I will look at the matter in a full way.