

Licence Approval – Part of the Grandstand and Redfern Oval

File No: S096218

Summary

This report seeks Council's approval to grant a new licence renewal to South Sydney Members Rugby League Football Club Limited ("South Sydney Rabbitohs") for parts of the Redfern Oval and Grandstand for a term of 10 years.

Essential lease terms and conditions of the proposed lease are shown in Confidential Attachment B.

Recommendation

It is resolved that:

- (A) Council approve a 10 year licence renewal with South Sydney Members Rugby League Football Club Limited for parts of the Redfern Oval and Grandstand; and
- (B) authority be delegated to the Chief Executive Officer to finalise the terms of the licence in accordance with the essential lease terms and conditions in Confidential Attachment B to the subject report, and to sign the licence.

Attachments

Attachment A. Plans Showing Licence Areas

Attachment B. Essential Licence Terms and Conditions (Confidential)

Background

1. South Sydney Rabbitohs currently holds three licence agreements from the City in respect of the following licence areas within the Redfern Oval and Grandstand:
 - (a) Licence Area 1 is 619m², which comprises the lower ground floor weights (or Gym) area, offices and change rooms, in addition to the ground floor entry and video room. The current licence agreement for this area commenced 1 January 2009 and expired 31 December 2018, currently leased on a month-to-month basis.

The current Licence agreement also provides for a licence to use the Redfern Oval field for training purposes only and is on a non-exclusive use basis.
 - (b) Licence Area 2 is 67m², comprises two lower ground floor offices and the referee's room, which front the passageway that leads out of the building onto the field. The current licence agreement for this area commenced 1 January 2012 and expired 31 December 2016, currently leased on a month-to-month basis.
 - (c) Licence Area 3 is 67m², comprising three offices situated at the southern end of the lower ground floor. The current licence agreement for this area commenced 15 February 2014 and expired 14 February 2019, currently leased on a month-to-month basis.
2. The total tenancy area of the three above licence areas is 753 square metres. Refer to Attachment A for plans showing these areas.
3. For this renewal, the City proposes that one licence agreement is entered into for all three areas and the Redfern Oval field for a term of 10 years and it is proposed to be back dated to commence 1 January 2019. A surrender of the current licence for Licence Area 3 as at 31 December 2018 would be required to facilitate the new licence agreement commencing 1 January 2019.

Rental Determination

4. The City appointed independent valuers, BEM Property Consultants and Valuers, to undertake an assessment of rental value of Redfern Oval and ancillary rooms and facilities for leasing purposes.
5. The proposed lease terms are in line with the independent valuation.

Key Implications

Strategic Alignment - Sustainable Sydney 2030

6. Sustainable Sydney 2030 is a vision for the sustainable development of the City to 2030 and beyond. It includes 10 strategic directions to guide the future of the City, as well as 10 targets against which to measure progress. This program is aligned with the following strategic directions and objectives:
 - (a) Direction 10 - Implementation through Effective Governance and partnerships. Specifically, Action 10.5.1 - Expand revenues from commercial operations, property portfolio and other income generating assets.

Budget Implications

7. Property rental revenue in the 2019/20 Operating Budget will be favourably impacted as there is an uplift in rent, in line with new valuation. In addition, the rental increase will be backdated and effective from 1 January 2019.

Relevant Legislation

8. Local Government Act 1993 - Section 10A provides that a Council may close to the public so much of its meeting as comprises information that would, if disclosed, confer a commercial advantage on a person with whom the Council is conducting (or proposes to conduct) business.
9. Attachment B contains confidential commercial information and details which, if disclosed, would confer a commercial advantage on a person with whom Council is conducting (or proposes to conduct) business.
10. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest because it would compromise Councils ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers.

Options

11. The City has considered the option to renew South Sydney Rabbitoh's Licence agreement at Redfern Oval and believes it will have a positive impact on the Redfern Community and achieve commercial income for the City.
12. There is no commercial advantage for the City to go back to market and source an alternative tenant.
13. Not allowing the South Sydney Rabbitohs to renew the Licence agreement on their home grounds could also generate adverse publicity for the City.

Public Consultation

14. A Public Notice was advertised in the Sydney Morning Herald 2 October 2019 advertising the City's intention to issue a licence to South Sydney Rabbitohs. A similar notice was placed on the building and a mail out was sent to nearby stakeholders. To date no submissions have been received by Council.

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