



Mandelbaum House
within The University of Sydney

Review of Local Government Rating System

Independent Pricing and Regulatory Tribunal
PO Box K35
Haymarket Post Shop NSW 1240

Submitted online via www.ipart.nsw.gov.au/Home/Consumer_Information/Lodge_a_submission

Dear Dr Boxall,

Review of the Local Government Rating System – Submission in Response to Draft Report dated August 2016

Mandelbaum House welcomes the opportunity to comment on IPART's Draft Report on the Review of the Local Government Rating System dated August 2016 (**Draft Report**).

Currently, under section 556(1)(l) of the *Local Government Act 1993* (NSW) (**LG Act**), land that is vested in a university, or a university college, that is used or occupied by the university or college solely for its purposes, is exempt from all rates, other than water supply special rates and sewerage special rates.

The Draft Report recommends changing this exemption such that land used for residential activities will no longer be exempt. The College has concerns regarding the description of residential activities in the Draft Report and the wide application this could have to land owned by the University and the seven residential colleges affiliated with the University, being ourselves, St Andrew's College, St John's College, Sancta Sophia College, Wesley College, The Women's College and Mandelbaum House (together, the **Colleges**). According to the description of "residential activity", all student accommodation owned and operated by the University and the Colleges would be rateable. This would have an enormous financial impact on the College.

We are a small college of 38 residents. We strive to be affordable for students and an increase such as this would have a major impact on our fees, and the services we are able to provide our residents.

More generally, the proposed changes do not appear to acknowledge the specific role that universities play in contributing towards broad community outcomes in providing education, research, recreation, cultural and associated services.

It is for these reasons, and others outlined in the **attached** submission, that Mandelbaum House requests that the existing exemption in section 556(1)(l) be retained or that any changes to section 556(1) include an explicit exemption for land vested in the University or the Colleges that is used for purposes consistent with the objects and functions of the University under the *University of Sydney Act 1989* (NSW) (**University Act**) and the Colleges under each of the relevant Acts of Parliament establishing the Colleges (including for residential and commercial purposes).

I would be pleased to discuss the matters raised in the **attached** submission further with IPART to reach a solution that encourages the continued growth and development of Australia's oldest university and the public service it offers to our domestic and international patrons, as well as to the wider community.

Yours sincerely,

Shana Kerlander

CEO, Mandelbaum House

SYDNEY UNIVERSITY COLLEGES, UNIVERSITY OF SYDNEY
SUBMISSION TO THE INDEPENDENT PRICING AND REGULATORY AUTHORITY
REVIEW OF THE LOCAL GOVERNMENT RATING SYSTEM

There are 7 residential Colleges within the University of Sydney providing accommodation and education support to 1,578 students. These residential Colleges are located within the main campus of the University of Sydney at Camperdown and are an integral part of the higher education opportunities offered by the University of Sydney. The Colleges were established with the foundation of the University and operate as not-for-profit public charities unlike other forms of commercial student accommodation.

The Colleges recently became aware of IPART's Draft Report on the Review of the Local Government Rating System dated August 2016 (**Draft Report**). This includes a number of draft recommendations¹ the following which are of concern to the Colleges:

Councils should be able to choose between Capital Improved Value (CIV) and Unimproved Value (UV) methods as the basis for setting rates at the rating category level. A council's maximum general income should not change as a result of the valuation method they choose.

Sections 555 and 556 of the *Local Government Act 1993* (NSW) should be amended to:

- exempt land on the basis of use rather than ownership, and directly link the exemption to the use of the land, and
- ensure land use for residential and commercial purposes is rateable unless explicitly exempted.

Section 6 of the Draft Report indicates that IPART considers that land used for student accommodation provided on university campuses is land used for residential purposes.²

Currently, the land held by the Colleges is exempt from local council rates as land vested in a university or a university college used solely for its purposes as provided in section 556(1)(l) of the *Local Government Act 1993* (NSW). The exemption is for general rates and does not apply for water supply special rates and sewerage special rates.

If draft recommendation 10 was implemented, all the land owned by the Colleges would become rateable. If draft recommendation 1 was also implemented and CIV rates adopted by the local council this would have the potential to substantially increase the rates payable by the Colleges as student accommodation is provided through high density, well developed buildings.

The implementation of these draft recommendations would have a material financial impact on the Colleges affecting the affordability of student accommodation and the ability to provide education support integral to their function as residential Colleges in the University of Sydney.

¹ Section 1.7 of the Executive Summary

² Box 6.3 *How We Define Residential Activity*

The additional cost burden of revoking the current exemption will reduce the ability of the Colleges to spend more on public goods being affordable student accommodation and education support. The practical effect of the Colleges being required to pay rates will be to redirect charitable donations and student payments.

The Colleges request that the existing exemption in section 556(1)(l) be retained for the following reasons:

- the provision of student accommodation at the Colleges is integral to the education opportunities provided by the University of Sydney which as a provider of higher education generates substantial public benefits to the community;
- The Colleges are not-for-profit organisations and charitable institutions with a limited ability to pay additional rating tax burden which will effectively transfer funds away from the Colleges providing accommodation services for education, which results in better outcomes for society;
- the Colleges do not simply provide accommodation services. Central to what is available for students are ancillary academic services, religious services, as well as opportunities for academic, professional, cultural, personal and spiritual development. This is a major point of difference between Colleges and other student accommodation services;
- the Colleges provide pastoral care and professional wellbeing and assist with their spiritual development;
- services funded by local council rates such as streets and footpaths, parks, libraries, pools and other community services are provided as part of the University campus at Camperdown to which the Colleges form part and contribute; and
- the public benefits provided by the Colleges of the University of Sydney have been recognised by the City of Sydney as the local council.
- The Colleges have buildings that have high heritage significance that consequently are very expensive to maintain. No State or Federal grants or funding are received by the 7 Colleges to maintain these heritage-significant buildings.

1. Integral part of the University of Sydney

On 18 January 1855, Her Majesty the Queen granted much of what now comprises the main campus of the University of Sydney at Camperdown to the University by way of Crown Grant. The terms of the Crown Grant require the University to make a sub-grant of certain lands to the trustees of Colleges and these Colleges were to provide 'systematic religious instruction and domestic supervision with efficient assistance in preparing for University lectures and examinations' to students with the aim that 'religion,

virtue and sound learning may be by means of the said University and Colleges better advanced within our Territory of NSW'. Accordingly, the Colleges, as residential colleges of Sydney, were from their inception part of the education opportunity provided by the University.

Subsequently, the Colleges were incorporated under their respective Acts and have offered residency, academic and social support for the students at the University of Sydney, in the case of some of the Colleges for over 150 years. Considerable effort and financial resources have been expended to ensure that the buildings and facilities on the grounds of the Colleges are suitable for the students at the University of Sydney. The Colleges currently have libraries, Chapels, computer rooms, tutorial rooms, music rooms, common rooms, photocopying and facsimile facilities, individual internet connections, full-sized ovals, gym and recreational facilities, and performance and rehearsal spaces available for students.

The provision of accommodation by the Colleges is inextricably linked to the educational activities of the University of Sydney and this is illustrated by the following characteristics:

- affordable full-board student accommodation provided by the Colleges is instrumental in ensuring the retention of students at the University of Sydney as well as supporting the educational outcomes of those students;
- for many students a residential college is critical to their success at the University of Sydney in various aspects including accessibility, transition to University requirements, retention as a continuing student and academic performance;
- the student accommodation facilities of the Colleges are located within the main campus at the University of Sydney;
- as part of the accommodation provided and to support the education of resident students, the Colleges provide spaces for quiet learning, group or tutor work, mentoring work, peer to peer learning, music, library and computer facilities. These facilities are often provided in conjunction with courses offered by the University of Sydney; and
- the students of the Colleges are primarily engaged in undergraduate and graduate courses at the University of Sydney and participate in the wide range of sporting, philanthropic, cultural, personal growth and leadership and social activities of the University.

The function and purpose of the Colleges is to provide student accommodation and education support for the students of the University of Sydney. This is set out in their individual College Acts. As an example, the *St Andrew's College Act 1988* (NSW) provides:

Objects of St Andrew's College

The objects of the College are as follows:

- (a) to provide residential accommodation for students of the University, and such other classes of persons as the by-laws may prescribe, in association with academic and other forms of assistance,
- (b) to provide assistance to those students in their studies and educational development,
- (c) to provide those students with the opportunity to receive a systematic religious instruction in accordance with the principles of any approved church.

A student of the University of Sydney is automatically eligible for residency at the Colleges³.

There is little doubt that university education provides important public benefits to the community. These public benefits are substantial and include higher education, research, innovation, and social benefits provided by public universities such as the University of Sydney. In addition, university graduates provide valuable services to the community as doctors, lawyers, economists, teachers, surveyors etc and have better job outcomes which have significant public benefits to Australian society.

The Colleges are of great importance especially students coming from international, interstate and regional areas of Australia who do not necessarily have a home-base in Metro Sydney. The individual college becomes a home-away-from-home for its residents and provides an environment that is conducive for higher learning.

The substantial public benefits to the community provided by the University of Sydney and its residential Colleges are recognised in the current exemption for paying rates in section 556(1)(l) of the *Local Government Act 1993* (NSW). The exemption has assisted in the development and operation of the Colleges which is an integral part of the provision of higher education at the University of Sydney.

2. Not-for-profit provider of affordable accommodation

The Colleges are not-for-profit organisations and charity registered with the Australian Charities and Not-for-Profit Commission. They are listed as charitable institutions on the Australian Business Register as institutions that are established and run to advance and provide charitable purpose, in this case, an educational institution. As not-for-profit entities, all revenue generated by the payment for residential accommodation are re-invested in supporting the objects of the individual Colleges.

³ St Andrew's College Act 1998 (NSW) Section 15 *Eligibility for residency at College*

The Colleges provide, on a not-for-profit basis, affordable accommodation for students at the University of Sydney. This accommodation is generally provided at below 75% of market value.

The Colleges in fulfilling their objects provide accommodation and support to students who may not otherwise be able to undertake university education. The Colleges provide significant scholarships to their current students.

Importantly, the student accommodation provided by the Colleges relieves pressure on existing private rental accommodation in the locality. As noted above, many services that would otherwise be required to be provided by the local council to these students are provided by the Colleges and the University of Sydney.

The payment of local council rates would consume limited resources of the Colleges which would otherwise be devoted to the objects of the respective Colleges of providing accommodation, education and support to students. It would be preferable if the exemption from rates was to continue to apply to the Colleges to allow them to fund publicly available affordable accommodation and support students with higher education. The public benefits generated have important benefits for Australian society.

3. Unique College Services

The Colleges do not simply provide accommodation services. All provide tutorial and other academic programs for their students to supplement their studies. All provide pastoral and other care services to assist with the personal and professional wellbeing and development of the students.

Many Colleges include Chapels or other places of worship and provide chaplaincy services for students to assist with their spiritual development. Considerable resources are also devoted by the Colleges to provide student residents with opportunities for cultural and personal development.

4. Provision of community services and facilities

The University of Sydney provides and maintains many of the same services funded by the local council rates within its main campus at Camperdown such as streets and footpaths, parks, open spaces, libraries, pools and other community services. The Colleges contribute to these services and facilities by providing the following:

- College oval facilities are currently managed by Sydney University Sports & Fitness (SUSF). SUSF in turn lets the fields to sporting groups from within and outside of the University. Many of these sporting groups are community and club-based (eg, Archery Club, Junior Cricket clinics and multiple University sports).

- College facilities provide a venue for local school sporting curricula and are made available on a weekly basis at no charge to Newtown North Public School.

In this regard, it should be noted that the campus of the University of Sydney is generally open to the public with the University and the Colleges providing security, maintenance and upkeep.

The main campus of the University of Sydney covers a total of 49 hectares (comprised of the area at Camperdown of 33 hectares and the area at Darlington of 16 hectares) which has been given the post code of NSW 2006. This area is managed by the University of Sydney at its cost which provides infrastructure and services that would usually be provided by the local council. These include the following:

- pay for the waste removal services
- construction, upgrades and maintenance of roads;
- instalment of drain systems;
- development of pedestrian areas, their maintenance and cleaning;
- recreational open spaces;
- libraries at the University of Sydney which are publicly available and used by the local community;
- community facilities such as childcare centres;
- sporting facilities including an aquatic centre, playing fields and stadiums; and
- halls, theatres and other spaces available for entertainment and cultural events.

The University of Sydney is recognised as a public authority for the developments on its land by the following:

- being prescribed to be the Crown for the purpose of making Crown development applications under Division 4 of Part 4 of the *Environmental Planning & Assessment Act 1979* (NSW)⁴; and
- being prescribed as public authority for development that is permitted without consent under the State Environmental Planning Policy (Infrastructure) 2007 (NSW).⁵

The University of Sydney takes responsibility for providing services to its student population that would otherwise fall to be provided by the local council. In addition to the services noted above this includes the provision of affordable residential accommodation and educational support provided by the Colleges. The services are funded and delivered by the University of Sydney and the Colleges.

⁴ Clause 226(1) of the Environmental Planning & Assessment Regulation 2000 (NSW)

⁵ Clause 277(4) of the Environmental Planning & Assessment Regulation 2000 (NSW)

It would be inequitable for the University of Sydney and its Colleges to pay rates to the local council on the land held, including land used by the residential Colleges as an integral part of the University, where the services to be provided by at those rates are already provided and funded by the University and the Colleges.

The University of Sydney and its Colleges provide these services effectively to their student population and make them available for the benefit of the local community. It would be inefficient for these services to be provided by the local council. The current exemption in the local government act enables the University and the Colleges to provide these services based on their understanding of the requirements of the student population including accommodation, education and pastoral needs.

5. **Recognition by the City of Sydney**

Local councils are entitled to raise levies for additional services generated as a result of the development of land under section 94 of the *Environmental Planning & Assessment Act 1979* (NSW). The details of the services generated and the payment of contributions are set out in the Contribution Plan prepared by the local council which, for the University of Sydney is currently the City of Sydney Development Contribution Plan 2015. The City of Sydney has a long standing policy of exempting from payment of development contributions all development by not-for-profit organisations which provide a distinct community benefit.

The development for student accommodation at residential Colleges at the University of Sydney has received exemption from the City of Sydney for development contributions on the basis that these developments provide a community benefit.

These exemptions provided by the City of Sydney are confirmation that the local council considers that the development of student accommodation by the Colleges at the University of Sydney provide sufficient public benefits that an exemption from payment of the usual development contribution is warranted.