



Anglican Church Diocese of Sydney

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Review of Local Government Rating System
Independent Pricing and Regulatory Tribunal (IPART)
PO Box K35
Haymarket Post Shop NSW 1240

To Whom it may concern.

Re: IPART – Review of the Local Government Rating System - Removal of rate exemption for Places of Public Worship (POPW)

Thank you for the opportunity to comment on the aforementioned review.

I am writing on behalf of the Anglican Church Property Trust Diocese of Sydney (ACPT), the registered proprietor of all parish property in the Anglican Diocese of Sydney which comprises 270 Anglican Parishes and over 700 property titles.

IPART seeks comment (para 10) as follows: “Are the land uses currently exempt from paying council rates appropriate? If a current exemption should be changed, how should it be changed? For example, should it be removed or more narrowly defined, should the level of government responsible for providing the exemption be changed, or should councils be given discretion over the level of exemption?”

The existing exemption for POPW from rates is considered appropriate. The exemption acknowledges the invaluable contribution that churches make to the wellbeing of communities in NSW via the provision of community infrastructure available for use by members of the public at no cost to serve the spiritual, health, welfare, educational, social and other needs of the population residing and/or visiting within each local government area.

Each of the Local Government Acts of the Australian States and Territories provide for exemption from rates for churches. The role of churches in providing community infrastructure was also acknowledged by the NSW Minister for Planning Mr Brad Hazard when he provided an exemption to the State Infrastructure Contribution Levy (SIC) for all Places of Public Worship.

Despite the secularisation of sections of Australian society, governments are increasingly relying on the invaluable contribution made by churches to the wellbeing of communities in New South Wales in terms of welfare, health and education services. If this work were not being carried out, the cost would be borne by local councils and that these services would be much more expensive for the community to replace.

Retention of rate exemptions to POPW will prevent extra costs being imposed on POPW, whose activities are pursued for the public benefit to those in the local community (as opposed to private profit) and is considered to have a positive impact on economic efficiency.

Each Anglican parish must rely on the personal donations from church members and a significant volunteer base to assist with the provision of vital community services to construct and maintain church buildings and associated halls and residences. This is becoming increasingly difficult given the continual increases in associated costs such as electricity, water and insurance coverage. Loss of rate exemptions is likely in some instances to result in withdrawal of community services. Continuation of rate exemptions to POPW will result in retention of spending on social services and activities by POPW continue to produce large net social benefits and increase economic efficiency.

The persons who benefit from POPW, including those who attend worship services, and those who benefit from the activities, are largely confined within the local government area boundary, and so in accordance with tax principles being considered by IPART, it is most appropriate for local ratepayers to fund the cost of the exemption for places of public worship.

This will lead to a reduction in service levels, or shifting additional costs onto local government budgets, thereby increasing the level of taxation for all ratepayers and a negative impact on economic efficiency and sustainability.

Rate exemption to POPW allows the current level of provision of services to the local community, such exemptions do not impact on location of POPW most of which are operating from established buildings in brownfield locations. Retention of exemptions to POPW will not result in a change in land use away from what would have occurred without any exemptions. Exemptions to POPW provide substantial benefits to the community and are efficient as they do not impact on land being put to its best use.

Rate exemptions to POPW are equitable as the exempt activity provides a large benefit to local ratepayers, and the POPW as an exempt organisation has limited ability to pay. Exemptions allow POPW to spend more on social goods to the local community, which results in more equitable outcomes for society.

The ACPT does not support giving local councils discretion over the granting or level of exemption for POPW, which is likely to result in an inconsistent approach across LGAs, and an increased number of disputes if ratepayers disagree with the level of exemption offered by council.

It is noted that in 2010 the Act was amended to allow for partial rate exemption of church lands to reflect the specific land uses conducted on each church site. The associated Department of local government circular (6 July 2010) stated “the amendment strengthens the exemptions from general rates that apply for religious bodies ...and ensures that land owned by a religious body ... is afforded a rate exemption to the full extent envisaged under the Local Government Act.” In the event that the use of the land upon which the POPW is situated is changed to compete with the private sector, for instance a commercial activity office or child care centre, the POPW exemption is removed on the portion of the land used in generating profit activities to ensure competitive neutrality.

Whilst acknowledging that various measures are required to improve the financial sustainability of local councils, this should not come at the cost of removing rate exemptions for churches.

Pursuant to Section 8(1) of the Act council’s charter is to raise funds for local purposes by the fair imposition of rates. Given the above wider role of churches in serving the community (at a significant cost to church members by way of fundraising and donations) the proposed removal of rate exemption would be unfair.

The local government rate system relies upon the existence of public acceptance, goodwill, and understanding, for its successful operation. By removing rate exemption local residents will be forced to effectively pay rates twice, at their place of residence and church. Such a proposal is not favoured by ACPT not is it likely to be favoured by the majority of ratepayers who benefit in one way or another from the role of churches in the community.

The ACPT has held discussions with other mainstream Christian churches who have confirmed that they are also concerned at the proposed removal of rate exemption category including the Roman Catholic Church Diocese of Sydney and Parramatta, the Uniting Church of Australia, NSW and ACT, the Presbyterian Church of NSW, the Baptist Church of NSW, the Greek Orthodox Church Archdiocese of Sydney, the Salvation Army NSW and the Russian Orthodox Church (NSW) Property Trust.

Whilst acknowledging that various measures are being considered by IPART, it is our firm view that the removal of local government rate exemptions for churches will not have the intended effect to improve economic efficiencies and will unambiguously result in a decline in the financial sustainability of local councils as they will inevitably need to provide the full suite of community infrastructure that is currently provided by churches.

If you have any queries regarding the ACPT submission and can be contacted on 9265-1555 to arrange a time that is convenient.



Scott Lincoln

Manager Property Trust

Sydney Diocesan Secretariat

Cc The Most Reverend Dr Glenn Davies, Archbishop of the Anglican Church, Diocese of Sydney, and Metropolitan of the Province of New South Wales.

Robert Tong AM, Chairman, ACPT

Geoff Kyngdon, Chair, Mission property Committee