



# Presbyterian Church of Australia

## in the State of New South Wales

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13 May 2016

Review of Local Government Rating System  
IPART  
PO Box K35  
Haymarket Post Shop NSW 1240

Dear Sir/Madam,

**Re: IPART – Review of Local Government Rating System  
– Removal of local government rate exemption for churches/schools**

Following the previous submission provided to the NSW Local Government Acts Taskforce (Taskforce) in December 2012 and the Future Directions for NSW Local Government Submission in June 2013, please find below the submission on behalf of The Presbyterian Church (New South Wales) Property Trust "PCNSW" to the IPART Review of the Local Government Rating System (April 2016).

The Presbyterian Church (New South Wales) Property Trust owns and manages all Presbyterian Church properties throughout NSW and the ACT, and is the largest of the state bodies throughout Australia. The portfolio is broken up into sixteen regions (presbyteries) across the state, with over 260 parishes within these regions covering over 600 properties. While the majority of land uses are churches (places of public worship) other land uses are ancillary to churches, being church hall buildings used by community groups, residential accommodation for the Presbyterian minister, and in some situations cemeteries. Other Church owned agencies include Schools, Health, Aged Care, Welfare Operations and Seniors Independent Living.

The Presbyterian Church is disappointed that the removal of rating exemptions provided under the Local Government Act 1993, section 555, for land used for religious purposes and schools, amongst others, as highlighted in the IPART Fact Sheet (Table 5.1) is being considered without consultation with the key land use stakeholders. The arguments presented for the removal of the rate exemption are weak and inconclusive, focusing on perceived tax and equity concerns, efficiencies gained and simplicity in administration of duties. These arguments do not reflect the valid and still relevant historical reasons and benefits to the wider community for retaining the rating exemptions for the land uses identified in section 555.

### **Existing rate exemption for churches and schools**

Pursuant to Section 555(1)(e), (f) of the Local Government Act 1993 (the Act), land that belongs to a religious body or a school and is occupied and used in connection with the intended use as detailed in 'the Act' is exempt from all local government rates. Other exemptions for churches also apply under Sections 556 and 558.

### **Rating Exemption benefits to the community**

The IPART Issues Paper highlights key issues for consideration, and that they will be analysed “using recognised principles of taxation”. This cannot be the key measure applied in the analysis. The Premier’s Terms of Reference to IPART requested that, “the appropriateness and impact of current rating categories and exemptions, mandatory concessions and rebates,” be considered. These have not been adequately covered by IPART in the Issues Paper.

The Presbyterian Church response, on behalf of its congregations, schools and agencies, to the question raised in the Issues paper, “Should there be changes to the current rating categories of land use that receive exemption or concessions from paying council rates?” is unequivocally, No.

The IPART Issues paper demonstrates a narrow understanding of what the organisations receiving rating exemptions are providing both socially and economically to benefit their communities, and the potential cost increases to local governments in removing these rating exemptions.

In discussions with other denominations and church bodies/benevolent institutions, the Presbyterian Church and others would welcome, as has been requested to previous reviews and taskforces for the NSW Government, the opportunity to further discuss these benefits provided through the retention of the rating exemptions prior to any final decision.

As stated in an earlier submission, land owned by churches, schools, institutions and charities that are exempt for rating purposes play a vital part in the life of local communities. The community benefit provided by these assets is part of the foundations for communities and support many government initiatives. Churches, schools and other agencies are an integral part of the social fabric of communities as places of worship, meeting, education, welfare and caring.

Churches are open to all members of the public, providing opportunities for community groups, youth groups, playgroups, seniors groups, sporting clubs, government departments and emergency services, to utilise their facilities. They are also places where communities gather to support one another during times of flood, bushfire and other natural disasters.

Churches provide welfare and pastoral care services when families are grieving, places to give thanks and reflect on the lives of loved ones at funerals. Churches are places of celebration for birthdays, weddings and baptisms. Churches not only represent and symbolise an important cultural link for many Australians, but play an important part in the lives of a large majority of Australians today. In context of heritage significance and defining the character of suburbs, many of the most significant buildings in our local government areas are the church buildings. There is ongoing pressure on churches from Council and the community to the upkeep of these heritage buildings, to preserve the character of their communities, ensuring they do not become empty buildings, but places of community life and activity. The local churches are funded and maintained by the local congregations, so any additional cost pressures on parishes, along with increases to water, electricity, insurance and building maintenance, diminishes the local congregations ability to serve its community, which transfers the cost pressures and services to Council and other government departments.

An acknowledgement of the community benefit provided by churches is reflected in each of the Local Government Acts of the Australian States and Territories that all provide for exemption from local government rates for churches. This is consistent with the Federal Government recognition of churches as registered charities under the Australian Charities and Not-for-profit Commission which provides for FBT recognition, GST and Income Tax Exemption.

Schools, aged care and other welfare services provided by PCNSW provides further evidence of the community benefit in maintain the rating exemption, which would otherwise not be possible without a significant impact on services.

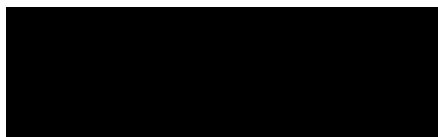
Further acknowledgement of the vital role of churches in providing community infrastructure is the approval for an exemption to the State Infrastructure Contribution Levy (SIC) for all Places of Public Worship.

Finally, given that churches exist to serve their local communities, and are funded by the local residents that are members of these communities, the removal of the local government rate exemption for churches effectively forces local residents to pay rates twice: at their place of residence and at church. This is not a position that would be supported by the majority of ratepayers who benefit in some way from the role of churches and their agencies in the community.

The Presbyterian Church (New South Wales) Property Trust has raised the concerns in this letter with other churches, who are very concerned at the potential removal of the rate exemption. These community stakeholders include the Catholic Archdiocese of Sydney and diocese of Parramatta, the Uniting Church of Australia in the State of NSW, the Anglican Church Property Trust Diocese of Sydney and the Greek Orthodox Archdiocese of Sydney, to name a few.

We respectfully request, in the strongest terms, that IPART consider this submission made on behalf of The Presbyterian Church (New South Wales) Property Trust for the rate exemption to remain in place as per Section 555 of the Local Government Act 1993. As indicated, I welcome the opportunity to discuss the submission in more detail and can be contacted directly on 9690-9357.

Yours Sincerely



John Ishak  
**Executive Manager, Development**  
**The Presbyterian Church (New South Wales) Property Trust**

Cc Jeof Falls, Chief Executive Officer and General Manager, The Presbyterian Church (New South Wales) Property Trust