



**uniting
church**

in Australia,
Synod of NSW & ACT

The Chair
Review of Local Government Rating System
Independent Pricing and Regulatory Tribunal
PO Box K35
HAYMARKET POST SHOP NSW 1240

13 May 2016

Dear Dr Boxall,

Review of the Local Government Rating System

I write on behalf of The Uniting Church in Australia, Synod of NSW and the ACT (Church).

The Church supports the Tribunal's aims to enhance Councils' ability to implement sustainable and equitable fiscal policy. I note, however, that the recommendations from this review have the potential to significantly impact the ongoing viability of many Church activities.

The focus of this response is on Issue 10 of the April 2016 Issues Paper – *Assessing of exemptions, concessions and rebates*, and in particular the exemptions from rates based on land type or use.

10. *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? (P6).*

The Uniting Church is Australia's third largest denomination. We are an inclusive Church that welcomes all people regardless of age, gender, ethnicity or sexual preference. We work with other faiths and have a strong social justice interest.

The Church as a whole is a religious organisation which practises its faith through congregations and parish missions, presbyteries, synods and the National Assembly, and through institutions that provide services such as aged care, education (from pre-school to secondary and theological), and community support around children, families and groups of those marginalised by society.

All these activities are not-for-profit such that we reinvest our profits in the services we provide, whether operationally, beneficially to the community or in facilities essential to those activities. The majority of these activities are also classified as charity under federal legislation.

Properties held by the Church's treasury operation are considered to be commercial activities. Though the returns support the Church's missional activities, these properties are not treated as being exempt from rates.

The Church is a significant landholder and is concerned that removal of concessions will have a serious impact on the mission of the Church which has a foundation of service to the community regardless of religious beliefs.

Land used for religious purposes is based around our worship centres and accommodation for ministers and ministry agents. Facilities at worship centres are made available to community groups.

Any fees charged are a matter of necessity for most congregations in order to maintain facilities and engage in missional activities in the local community. Our congregations are numerous but not sizeable. While asset rich, they have limited capacity to fund activities.

I note the challenge to maintain properties in rural and regional areas where the value of holdings may not be significant but the imposition of rates may mean congregations become unviable, resulting in a loss to the local community. The affordability challenge also applies to the many properties held by the Church which are subject to local or State heritage listing.

The Church has a number of non-government schools which receive government funding: this includes a school in Newcastle for children excluded from mainstream schools. Our schools have significant holdings and facilities.

These schools provide an important service directly to the families they serve, who are often attracted to an area because of the school, with additional benefits to members of the local community and community clubs through access to the school's facilities.

The Church is the largest private provider of aged care services in New South Wales through the activities of Uniting and Wesley Mission. These are not for profit operations that reinvest earnings into the operations. Both are classified as public benevolent institutions and qualify for exemption from rates on that basis.

Many of those we serve are socially and or financially disadvantaged. We receive significant government funding in order to provide services to the community as part of our mission activities and/or part of specific government program and are held to account for our use of these funds.

The Church is a member of Aged & Community Services NSW & ACT (ACS) and refers you to the ACS submission which we support particularly as it relates to the provision of services to the community.

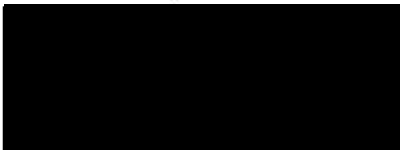
The Church believes that the tribunal has appropriately identified the challenges of any reform.

Our activities support the local communities through services provided, access to facilities, training and employment. The consequence of eliminating the current rates exemption would be increased costs. This would necessitate a closure of some operations, a reduction in activities or the introduction of, or increased, charges to the beneficiaries of our activities.

The Church's position is that:

- The principles of taxation described in the Issues Paper are sound, however the application of those principles is challenging when dealing with activities based around non-profit, charitable and community purposes.
- There should be no change to the exemptions that impact religious activities, schools and public charities.
- Any change/removal of the current exemptions which would impact the religious and community service activities would unlikely to be addressed by compensatory funding increases from government, noting that rates are a local government impost whilst community service funding provided to the Church is often from the State and Federal level.
- Any rate setting process should be consistent and predictable across the state and not subject to potential uncertainty and possible discriminatory decision making at the local government level.
- Rebates are seen as problematic given challenges around definitions, potential cash flow problems and variability across council areas. We have numerous activities in the community and the administration required to seek exemptions and rebates would be onerous.
- Expansion of rating categories would be helpful in permitting improved targeting of exemptions. This will assist councils given the increase in multi dwelling properties.
- Capacity to pay must be recognised, particularly in non-metropolitan areas.

Yours sincerely,



John Kitchener
Executive Director
Uniting Resources