

Second Reading

Debate resumed from an earlier hour.

The Hon. HELEN WESTWOOD [5.02 p.m.]: I am pleased to support the Local Government Amendment (General Rate Exemptions) Bill 2010. As all honourable members know, the work of local charities is at the core of what is good about our communities. Charities provide care and assistance to those most in need and it is appropriate that support be given to them in carrying out this vital work. I think it is true to say that there would not be a community in this State that does not have a local charity carrying out great works that support their local community.

The changes in the bill will ensure that where a property is owned by a charitable or religious body and is used partly for charitable purposes and partly for commercial purposes only the area used for charitable purposes will be exempt from rates. These are changes which fit in with the community's expectation of a fair go. Obviously, commercial tenants should be paying rates, but charitable organisations should be exempted, and it is important to local councils that they receive rates for any commercial activity. I think we would all agree that it is very important that commercial tenants pay the appropriate rates to the local council. These are commonsense, practical changes that illustrate the Keneally Government's ongoing commitment to supporting the valuable work of charitable and religious bodies.

I am pleased to note that the bill also contains transitional provisions that ensure that where a charitable or religious body is currently leasing part of its land or property to a commercial body and the lease does not provide for the payment of rates by the lessee the entire parcel of land will continue to be exempt until such time as the lease expires. This provision will ensure that no public benevolent institution, charity or religious body will be inadvertently liable for general rates where they would otherwise be exempt. As other speakers have mentioned, the Local Government and Shires Associations support the amendments, because they obviously make great sense. I commend the bill to the House.

Reverend the Hon. FRED NILE [5.05 p.m.]: The Christian Democratic Party supports the Local Government Amendment (General Rate Exemptions) Bill 2010, which will introduce amendments to the Local Government Act 1993 to ensure that public benevolent institutions, public charities and religious bodies are exempt from paying general rates on land used for charitable purposes. I note that the Government's review of this area arose from requests by the Catholic Archdiocese of Sydney and the Council of the City of Sydney. The archdiocese and the council had requested that the Local Government Act be amended in line with what is now proposed in the bill.

The Local Government and Shires Associations support the amendments contained in the bill and the Christian Democratic Party also strongly supports them because it is a very important and fair bill which ensures that benevolent institutions, public charities and religious bodies are exempt from paying general rates on properties that they own and use for charitable purposes, but sometimes part of their land is commercially let to a non-exempt body, and that has caused confusion with local councils and some have not then allowed exemption for the land that is being used for non-commercial purposes. This bill will make it clear that councils can now separate the two categories. It will provide for the granting of a partial rate exemption where part of the parcel of land is commercially let to a body that is not exempt from rates. The amendment will ensure a consistent approach between councils and ensure that land owned by a benevolent institution, charity or religious body is afforded a rate exemption to the full extent envisaged under the Act. I am pleased to support the bill.

Ms SYLVIA HALE [5.07 p.m.]: I speak for the Greens in relation to the Local Government Amendment (General Rate Exemption) Bill. When I first read the title of the bill I hoped that the Government had finally acknowledged the faults inherent in the existing rate-pegging regime. The State has suffered from the effects of rate-pegging legislation since it was introduced by the Wran Labor Government in 1976. But, after reading the bill, I see it is but a minuscule step in the right direction rather than a great leap forward.

The overview states that the object of the bill is to amend the Local Government Act 1993—the principal Act—to enable the separate valuation of parts of a parcel of land owned by a religious body, public benevolent institution or public charity that is used partly in a manner that is exempt from rating and partly in a manner that is not exempt from rating if rates are to be levied on the non-exempt part. The Greens support the purpose of the bill, which will clarify the situation for councils. Currently some councils charge charitable bodies for rates on a whole parcel of land because part of the land is commercially let. On the other hand, some councils provide a full rate exemption on a whole parcel of land, a part of which is let commercially.

The amendments will enable councils to request a valuation of land that is currently not exempt, so that rates can be levied on the land. One hopes that this will go some way to increasing local councils' revenue, because delivering quality local services to the community—from garbage collection, library services and child care to beach safety and maintaining parks and gardens—has become increasingly difficult for many councils. New

South Wales is the only State in Australia that maintains a system of rate pegging, a system that restricts the ability of local councils to raise adequate income in order to address major infrastructure backlogs in their area.

Local councils have also been subject to significant cost increases from other public utilities and government agencies because of the pressure from those bodies to provide services on a cost-recovery basis. On the other hand, many of the services provided by local government are not cost reflective but are provided as public services to the community. Such things as libraries, passive and active recreation areas, aged and youth services, and local infrastructure such as roads, drainage and footpaths, cost local councils far more than the councils receive in revenue. Added to this is the ongoing cost shifting by government agencies to local government. Cost increases due to State awards and levies such as the New South Wales Fire Brigades Levy more than account for any increase permitted under the rate-capping regime.

All this is placing severe pressure on council budgets and their ability to provide the community with an appropriate level of service. With more and more responsibilities being delegated from the State Government to local government, rates should be increased rather than pegged, yet the Government expects councils to do more with less. Indeed, the State Government's decision earlier this year to reduce the 2010-11 rate cap for New South Wales councils to 2.6 per cent was already a detrimental step and one that will undoubtedly severely impact on the services that local communities rely on.

A former Minister for Local Government, Mr Kerry Hickey, claimed in 2006 that "The government monitors councils to make sure that communities get the quality of service they deserve in the most effective and efficient ways possible". Such a statement was, and still is, laughable, as the constant complaints from councils and local residents about failing infrastructure and inadequate funding for both maintenance and investment make clear. Not every council is as fortunate as Mid-Western Regional Council, and not every council has a prominent person able to lobby so effectively on its behalf.

It has always puzzled me why religious institutions have been exempt from paying what every citizen and other institution pays in what is nominally a secular State. With this bill there is at least some small movement towards addressing this anomaly. The exemption from rates applying to religious organisations places a large burden on local councils. This burden includes the costs of removing rubbish and the absence of any financial contribution towards footpaths, roads, libraries, upgrading parks and other vital community services.

That religious organisations at their best contribute a good deal to society is undoubted, but there are many other organisations that contribute similarly but receive no such special treatment from government. For example, in Petersham our local bowling club was on the verge of bankruptcy but a number of local community members banded together to take over its administration, preserve the open space and reactivate the club as a genuine centre of the Petersham community. It has in its own small way brought community members together and acted as a great generator of community spirit. However, the club was in a financially dire situation and it approached Marrickville Council for rates exemption to allow it to get back on its feet. While sympathetic, council was prohibited from providing such an exemption. While that may be well and good, there is little doubt the bowling club has played a regenerative role in our community, and indeed in a secular community it has arguably played a role similar to that which churches can play, that is, it brings people together, neighbours get to know each other and in doing so it makes the community stronger. As with so many other activities in our secular society, such activities gain little or no direct assistance from government, unlike religious institutions.

No doubt many in this place would refer to the important charitable work religious organisations undertake, and indeed they do. I too recognise the great work done by many religious groups but, as I have noted, they are not the only organisations to undertake this important work. We need to be careful when we change longstanding systems and structures in society and perhaps in time we will see a fairer examination of how the wealth of this State is spread among both individuals and organisations. This bill does move us slightly in the right direction, which is an increasingly rare thing for this Government to do, but it is indeed a tiny step.

Reverend the Hon. Dr GORDON MOYES [5.14 p.m.]: I rise on behalf of Family First to speak on the Local Government Amendment (General Rate Exemptions) Bill 2010. I believe I can speak from personal experience on this bill. The object of the bill is to amend the Local Government Act 1993 to enable the separate valuation of parts of a parcel of land owned by a religious body, public benevolent institution or public charity that is used partly in a manner that is exempt from rating and partly in a manner that is not exempt from rating if rates are to be levied on the non-exempt part.

In my 27 years as Superintendent of Wesley Mission and senior minister of the church of the mission I developed over 500 properties across New South Wales in virtually every major centre in suburban, regional and remote rural New South Wales. I was always pleased at the exemption from paying general rates on some of our properties when they were used totally for charitable purposes, as most were. I speak, therefore, as one personally involved in this issue and speak of what I know. Where the total property was used by Wesley Mission for commercial interests to support its fundraising initiatives we always offered to pay the council full rates as costed, including costs of roads, rubbish removal, maintenance of footpaths and the like, much to the appreciation of the local councils concerned. Other Christian charities also followed that example.

At times, however, some of the Wesley Mission properties did in fact let space to various commercial undertakings that were not exempt, and there was no proper mechanism in the Local Government Act 1993 to allow the local council to partially rate the non-exempt part. I argued that paying rates was only fair as we used the local roads, the local garbage collection and other council facilities. This led inevitably to confusion and to different approaches by different councils. Some councils charged on the whole parcel of land because part of the land was commercially let, while others provided a full rate of exemption on the whole parcel of land because it belonged to Wesley Mission. There was no way of predicting which course would be followed by any particular council until we had face-to-face negotiations. This made budgeting for on-costs for over 500 properties in almost every municipal area in New South Wales extremely difficult.

The bill remedies that ambiguity and will provide a consistent approach to the granting of partial rate exemptions where part of a parcel of land is commercially let to a non-exempt body. This clarification has been needed for some time and I am pleased to see that it will be good for public benevolent institutions, public charities and religious bodies to have that consistency of purpose across all local councils and shires in the State. I note that this bill is supported by the Local Government and Shires Associations, as I would expect. I also note that this was discussed by Wesley Mission with the various Catholic archdioceses, which originally brought this issue to the fore. Therefore, on behalf of Family First and many of those charities with which I have been associated, I am pleased to support this sensible bill.

The Hon. PENNY SHARPE (Parliamentary Secretary) [5.18 p.m.], in reply: I thank honourable members for their contributions to this debate and note that there seems to be consensus that the bill is worth supporting. I commend the bill to the House.