

Submission re Draft Report on Philanthropy by the APC – Due by 9/2/2024.

Thank you for the opportunity to make this submission in response to the Australian Productivity Commission (APC) Draft Report entitled “Future Foundations for Giving”. My submission will particularly focus on several recommendations contained in the Draft Report that will seriously impact the Deductible Gift Recipient (DGR) status of faith-based building programs, schools and charities, and the way in which the Federal Government could change the reporting requirements of small charities.

Advancement of Religion:

Page 18 of the Overview of recommendations states: “*The Commission does not see a case for additional government support for the practice of religion through the DGR system, based on the first principle.*” The first principle states that there must be community-wide benefits.

Currently, “*advancement of religion*” is a recognised charitable purpose in itself, as shown in the *Charities Act 2013 (Cth)*. *Section 5* of the Act defines a charity as a ‘not-for-profit entity, all of the purposes of which are either “charitable purposes ... that are for the public benefit ... or ... charitable purposes of the entity. ... The purpose of ‘advancing religion’ is a recognised charitable purpose under the Act since ‘advancing’ includes protecting, maintaining, supporting, researching and improving.”¹ *Section 5* of the Act therefore clarifies that **it is beyond the purview of the Terms of Reference of the Philanthropy Inquiry for the APC to remove a recognised characteristic of the Charities Act 2013 and any such change can only be made through an Act of Parliament. Hence, the Advancement of Religion is an obligatory characteristic in the DGR system for the purposes of this Inquiry.**

In addition, there is ample research that outlines the societal benefits of “*the practice of religion*”. These are outlined by Justice Sarah Derrington² and include:

- (1) Less criminal behaviour;
- (2) Increased civic involvement and volunteering;
- (3) Better education;
- (4) Increased marital satisfaction, lower divorce rates and less domestic violence;
- (5) Better mental health;
- (6) Less heart disease;
- (7) Better life-expectancy;
- (8) Better social supports leading to less stress and sense of loss;
- (9) Higher religiosity, defined by reference to those who attend places of worship or devotion on a regular basis, being associated with 190,000 additional volunteers in Australia each year who collectively contribute 30.5 million hours in volunteering time, the monetary value of which is estimated at \$340 million per annum.

All of this research indicates that the “practise of religion” does indeed provide community-wide benefits by less use of the criminal justice and family law systems, lower need for welfare payments, lower use of both physical and mental health services, and major contributions to volunteer organisations that assist the under-privileged in Australian society. **The APC’s claim³ is therefore roundly refuted and should not be used as an excuse to remove DGR status from religious organisations or schools.**

¹ Charities Act 2013 (Cth) Section 12.

² Faith, Hope, and Charity – Religion as a Public Benefit in Modern Australia. – 2019 CLAAZ Annual Public Lecture 29/11/2019.

³ “*The Commission does not see a case for additional government support for the practice of religion through the DGR system, based on the first principle.*”

Advancement of Education:

The Overview states: *“The Commission’s view is that converting a tax-deductible donation into a private benefit is, in principle, a substantial risk for primary and secondary education, religious education, and other forms of informal education, including school building funds.”*

The APC’s use of the term “substantial risk” is somewhat surprising when applied to schools. Once again, the Commission has not outlined why it considers continued DGR status for faith-based education, nor the building funds that support such schools, would be deleterious to Australian society in general.

Currently, one-third of Australian children are enrolled in non-government schools. By high school, the figure is over 40 per cent and presently, **our governments provide little or no funding to these non-government schools in comparison with other OECD countries.** It is ironic, therefore, that the APC wants to reduce even further the amount of government funding that goes towards the education of 30 – 40% of Australian students by seeking to remove the DGR status for religious schools, when the federal and state governments already provide much less funding for these schools per head of student compared with most other advanced countries around the world.

Removing the DGR status from faith-based schools and their building funds would probably make private education far less affordable for many low and middle-income families, and yet the government school system could not cope with the enormous influx of students caused by such a policy change. Public schools already have inadequate teaching staff, and the numbers are continuing to plummet as staff morale, discipline issues and the overcrowded curriculum have all led to a mass departure of teachers. **It would be a very poor policy decision to choose this time to remove the DGR status from faith-based schools that are currently producing the best academic results, higher uptake of tertiary studies, better post-school employment and requiring less government expenditure compared with the public system throughout Australia.**

It seems that the recommendation to remove the *“advancement of education”* and *“school building funds”* is nothing more than **a direct attack on faith-based education and reflects a serious bias on the part of the Report’s contributors.** This is hardly a democratic or fair way for such an important decision to be made by the Treasurer or the Australian Productivity Commission and **I therefore urge them to reject this recommendation.**

Basic Religious Charity Carveout Removed:

Currently, there are “carveouts” that relieve small religious charities from the burden of full reporting to the Australian Charities and Not-for-Profits Commission (ACNC). The APC’s report recommends the removal of such exemptions for smaller charities, thereby requiring such charities to provide extensive documentation each financial year that could result in the closure of these entities. Many of these organisations are run by volunteers who may not have the accounting skills necessary to provide this increased paperwork.

In addition, it would seem the APC is empowering the government to remove the management bodies of these faith-based charities and replace them with its own choice of board members. Of course, the outcome would be that the government could take control of a large number of religious charities, and thereby remove the independence and faith-based character of such entities.

Once again, there seems little benefit for the Australian taxation system, and a serious loss of important resources for vulnerable people in our society.

Consequently, I would strongly urge that this recommendation be rejected by the Treasurer and our parliamentary representatives.

Conclusion:

I note the statement by the Treasurer, Mr Jim Chalmers in the Terms of Reference for the Philanthropy Inquiry that: *“The Government is committed to taking this opportunity and will collaborate with the philanthropic, not-for-profit and business sectors to double philanthropic giving by 2030. Identifying and assessing opportunities and obstacles to increased philanthropic giving will provide a roadmap to achieve this objective.”*

Yet the APC’s Report seems to directly target and disincentivize philanthropic giving by recommending the removal of DGR status from a wide range of educational and faith-based charities that have provided much-needed support for many Australian families. It would seem that this Inquiry, like several others in the past few years by the Australian Law Reform Commission, are seeking to strip the current rights of religious organisations around our nation. **I hope that there will be many submissions like this one that roundly reject this strategy and defend the DGR status of faith-based buildings, schools and charities.**