

# **Personal Submission on the Productivity Commission's Draft Report into Philanthropy**

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## **About me**

I am a migrant from Sri Lanka. I migrated to Australia (with my parents) at age thirteen and have lived in Australia ever since. I have never been impoverished, therefore I have never needed "charity" in the sense of requiring external provision of basic necessities to survive. But in my decades of life in Australia I have consistently had positive experiences of being welcomed by Christians and churches of different ethnic and denominational backgrounds – I have experienced a consistently "charitable" attitude from Christians (and also from other religious people). Those experiences played a significant role in my choice of career: I am now a minister of the Presbyterian Church of Australia.

This submission does not comment on the whole draft report. I focus my comments on the report's recommendations concerning religious activities and institutions, especially the proposals to remove:

1. Deductible Gift recipient (DGR) status from religious charities;
2. DGR status from religious schools;
3. DGR status from special religious education (SRE); and
4. The financial reporting category of Basic Religious Charity.

## **My response to the draft philanthropy report's recommendations regarding religious activities and institutions**

The above proposals demonstrate a surprisingly and disappointingly "uncharitable," perhaps even "discriminatory," attitude towards religious institutions and activities. They contradict the principles of multiculturalism which have characterised Australia for the last several decades. They will therefore lead to a decline in community cohesion in a time when we should be seeking to increase communal trust and goodwill.

Charity is not merely an act of voluntarily donating time and money towards a cause which one values. That act flows from an attitude of goodwill towards the general public – towards people with whom you are not familiar.

This kind of charitable disposition is not normal. It is normal to use one's resources to advance yourself and your own people – your own family and/or ethnicity. This natural selfishness needs to be overcome to develop a charitable disposition.

Religion inculcates that kind of attitude of generosity towards the general public – towards the world at large, humanity in general. Christianity does so through its beliefs that the one God created the whole world, created all people in his image, and offers the one saviour, Jesus Christ, to the whole world (John 3:16; 1 John 2:2). Other religions inculcate this kind of attitude through, e.g., Hinduism and Buddhism valuing charity as removing demerit ("bad

karma”) and accruing merit (“good karma”), and Islam’s tradition of charity (“sadaqah”) at Ramadan. The submission from the Presbyterian Church of New South Wales (PCNSW) provides further evidence of how religion is demonstrably good for society.

This attitude of public goodwill can be fostered or stifled by secular laws. It can be encouraged through laws which communicate that religious diversity is valued within secular, democratic, multicultural, multiethnic Australia. Conversely, it can be discouraged through laws which treat religion with indifference or even outright suspicion.

The draft report’s proposals veer towards the latter. By removing tax deductibility from religious organisations and school scripture, and placing additional financial reporting burdens upon religious institutions, it communicates that Australian society does not value the social benefits which religion offers to the nation as a whole – to all people, regardless of ethnicity or religion. Instead, it treats religion as at best a private hobby – something which an individual person performs purely for personal satisfaction (which is to fundamentally misunderstand the nature of religion). In fact, the act of imposing additional financial reporting requirements upon religious institutions can be perceived as treating religion with suspicion – a suspicion which requires the activities of religious institutions to be scrutinised by authorities external to that religion, who will judge the validity of those religious activities by values alien to that religion.

By so doing, the draft report’s proposals render themselves vulnerable to being perceived as placing a “discriminatory” “tax” upon religious activities. The report recognises the public value of non-religious activities voluntary activities and recommends extension of DGR status to them. But it does not recognise the public value of religious activities, seeks to deny religious agencies the DGR status they have enjoyed for decades, and seeks to place additional financial reporting requirements upon religious institutions. This apparent anti-religious discrimination can be perceived as an attempt to make life “harder” – more “taxing” – for religious people, because the loss of tax deductibility increases the marginal cost of religious activities, and the increased reporting requirements increase the administrative burden upon religious institutions.

As mentioned above, religiously-motivated public goodwill can be fostered through laws which recognise that such religious public goodwill is valued in Australia, or stifled by laws which treat religiously-motivated charity with indifference or even contempt. The draft report’s recommendations veer towards the latter. Regardless of the Productivity Commission’s motivations, its recommendations regarding religious organisations will probably be perceived as being systemic anti-religious discrimination.

This perception will probably inculcate resentment amongst our religious communities. This resentment will make it difficult for religious leaders (like me) to continue to motivate people to overcome their natural selfishness and continue to invest in the public good – in “charity.” It makes it difficult for religious leaders (like me) to urge people to mirror our God’s attitude of love towards the whole world (as noted above).

Instead, the report’s proposals will probably incentivise religious people to follow their normal instincts to invest only in their own, “private” interests – themselves, their families,

ethnicities, and at best their co-religionists. The perception of being treated with contempt will probably foster reciprocal contempt – their religion’s public investment in Australia is being mocked, so Australia can “go to hell.”

In fact, the report’s recommendations have already placed a “taxing” burden upon religious leaders (like myself) who seek to use our religious authority to benefit not only our own religious community but the common good. It has already required us to spend time and effort to write public submissions (like this) to explain and defend something which has been taken for granted for the history of human civilisation: the value of religion for social cohesion. And it has already required us to spend time and effort to defend an aspect of Australian social policy which has been taken for granted as socially beneficial for decades: multiculturalism, which includes religious plurality.

The report’s proposals concerning religion subvert the principles of multicultural, multiethnic religious plurality which have created one of the most diverse yet peaceful nations on the planet. It will discourage people of faith from continuing to do good to society at large. Instead of “taxing” religion, the Productivity Commission should be seeking ways to facilitate religiously-motivated public charity. This will help religious leaders like myself, and the religious institutions we lead, to deploy the resources of our religion to “bless” the “world” – to seek the well-being of all people, regardless of ethnicity or belief.