

Regarding the Draft Report from the Australian Productivity Commission:-

Removing tax-deductibility from charities is short-sighted. They seem to have forgotten why the tax-deductibility was granted in the first place.

This draft report seems to be aimed at greater productivity, but it fails on many grounds.

1. The charities will need to do more paperwork and will reduce what they can achieve with the funds they get, so they are destined for poorer productivity.
2. Removing tax-deductibility from charitable organisations will likely mean that they receive less funding from individuals (as donors may be less-inclined to donate) but the funding will still need to come from somewhere, putting more pressure on government's already-stretched resources, causing lower productivity.
3. The increased paperwork required from the charity would also increase the workload of the offices of the federal government, drawing resources from current activity, reducing productivity and/or increasing costs of government by requiring more employees.

The definition of charitable work needs to be considered here. One form of charity is the giving away of food, clothing and accommodation, something many charities do – activities that would put more strain on government resources if the charities were unable to continue.

But there are others including this situation:-

When a person on welfare (supplied by government) is impacted in such a way that they find work that is accompanied by income, then they are taxed on that and the government receives funds from them instead of giving funds to them. This is a far more productive way of life for that person. It's more productive for the nation.

This kind of change happens often as a result of the work of Christian organizations, including churches.

Where charities are willing to do things like take care of the homeless or feed the poor, it is far more productive for government to facilitate them as much as it can. It leaves government to take care of the things for which government was formed.

Don't remove tax-deductibility from organisations that are doing charitable work. It's counter-productive!

Thank you for your attention.