

I write on behalf of The Crusader Union of Australia (“CRU”) where I serve as Executive Director, a role which I have now been in for over 30 years.

In doing so, I note that I am also a donor to various organisations, both religious and otherwise, and have been doing so for almost 50 years.

I applaud the Productivity Commission’s desire to boost the level of donations which individuals give to various charities, noting the well-documented benefits for both individuals and the communities which come from the work of such charities. It is a great initiative to encourage individuals to be generous in their support. Thank you for the opportunity of providing a submission to this review.

To this end I support the Commission’s recommendation to extend the access to DGR status to other charities which currently do not have this status. Doing this would allow donors to assess which charity or charities they wish to support with less need to assess which can offer tax deductibility. In particular I support the Commission’s identification of the need to further support those charities linked with Aboriginal and Torres Strait Islander groups.

For this very reason however, I strongly oppose the recommendation to remove DGR status from those charities who have as their purpose the advancement of religion. Such a step would both limit the capacity of those religious charities to carry out their good works, and may indeed not increase the total level of charitable support anyway.

Please note these factors:

1. There are some donors who will only give to religious charities. Almost 100% of this group would already be giving to their church or other religious community (without tax deductibility as an option) and would then be giving additional funds as they can afford it to particular religious charities. For this group, their capacity to donate to those religious charities will be reduced by the removal of the DGR status as they factor in the post-tax impact of their giving.
2. There are some donors whose first preference is to give to religious charities, but then also give a smaller amount to non-religious charities. (Again, almost all of these will be giving without tax-deductibility to their church, and then looking to give extra to charities.) For this group, they are likely to stop giving to non-religious charities to keep their post-tax giving the same while still giving to their preferred group.
3. There are some who give without distinction to both religious and non-religious charities. For this group, their total giving may remain unchanged, but my experience over 30 years as Executive Director of CRU and our engagement with donors indicate that this is typically the smallest group.
4. There are some grant bodies who require evidence of DGR status before considering a grant, even if the body themselves doesn’t seek a tax deduction on the gift. If religious groups were to lose their DGR status then they would lose their ability to apply for such grants. In many cases, this would include Government Grants. Despite the government not seeking a tax deduction, it uses the DGR status to determine the suitability of whether or not a charity may be eligible for a grant. The removal of DGR status from legitimate religious charities

would mean that they could not access this funding source, lowering their capacity to provide their services, and be to the detriment of the community.

Please note also and significantly that, in the case of The Crusader Union of Australia, and for many other Christian charities whose core purpose is the advancement of religion, close to 90% of our donors are not direct beneficiaries of our services. This is different to the example which is cited in the Productivity Commission's report of school students whose parents receive a private benefit from their donation. The comment "Potential donors are most likely to be people directly involved with the school and benefit directly from donations" (p.24) is not typically true for The Crusader Union of Australia and for many other Christian charities in this area.

The Commission's stated concern 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" may apply in some cases, but is not always the case, and so should therefore not be the reason for a widespread removal of DGR status from those involved in religious education. I would urge the Commission to review this and investigate this further before relying on this assertion.

Through our camp programs we provide Christian community for children and youth. This counters loneliness, builds self-esteem and initiative, and develops resilience and leadership. Our holiday camps involve children from all areas of society. While approximately 0.89% of NSW children are in out-of-home care living arrangements¹, we typically have between 7-9% of our holiday campers each year coming from out-of-home care. We depend on DGR donations to help provide the settings for these programs. Those who provide these donations are doing so for the benefit of the wider community and not for their personal benefit or for the benefit of their children.

I would argue that it would not be appropriate in our liberal democratic and pluralist society for the Government to encourage philanthropic support for only one religion. Similarly, I would argue that it would not be appropriate in this same setting for the government to only encourage philanthropic support for irreligious charities, which would be a result of adopting the recommendation of the Commission to remove DGR status from those charities whose purpose is to advance religious education.

In conclusion I urge the Commission to review the basis for its recommendation for the removal of DGR status from religious charities.

With thanks

Sincerely

Gary Hill
Executive Director
The Crusader Union of Australia "CRU"

¹ Source: Australian Institute of Health and Welfare, <https://www.aihw.gov.au/reports/child-protection/child-protection-australia-2020-21/contents/out-of-home-care/how-many-children-were-in-out-of-home-care>

