



CHURCH OF SCIENTOLOGY  
AUSTRALIA

**Submission to the Australian Government's Productivity  
Commission's *Future Foundations for Giving* (Draft Report)**

**INTRODUCTION**

The Church of Scientology Australia welcomes this opportunity to provide a submission to the Australian Government's Productivity Commission's November 2023 draft report *Future foundations for giving*. We thank the Productivity Commission for their time in considering this submission.

Private and religious education, by formal and non-formal means of schooling, is intrinsically linked to forward progress and evolution of our society – culturally, economically, morally and in terms of communal wellbeing – each of which are dependent on each other, and each bolstered by educated, ethical, productive, healthy and happy individuals. We therefore submit that school building funds ought to retain deductible gift recipient status.

By way of background, in 1954, L Ron Hubbard, the founder of the Church of Scientology laid out what he expects of Scientologists in creating a more sane world, when he wrote *The Aims of Scientology*:

“A civilization without insanity, without criminals and without war, where the able can prosper and honest beings can have rights, and where Man is free to rise to greater heights, are the aims of Scientology.

...

“Nonpolitical in nature, Scientology welcomes any individual of any creed, race or nation.

“We seek no revolution. We seek only evolution to higher states of being for the individual and for society.

...

“We respect Man and believe he is worthy of help. We respect you and believe you too can help.”

The Church of Scientology are not alone in seeking these aims, but we do try our best in seeking to realise them. In fact, we have the efforts of men and women of faith to thank for our society's high watermark systems of fairness justice, and the opportunities we have today. Religious and private education seek to improve conditions for the individual and whole of society. When a holistic view

is taken, having regard to more than the direct and financial consequences of the DGR status of school building funds, one will arrive at the conclusion society is better off for supporting religious schooling. Further, religion has been the cause and catalyst for much of our society's betterment, and advancement of religion should not be discriminatorily subordinated to other charitable activities.

On behalf of the Church of Scientology Australia, I am pleased to present this submission.

Yours faithfully,

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Church of Scientology Australia  
9 February 2024

## REVOKING DGR STATUS OF SCHOOL BUILDING FUNDS

The Church is of the view that revoking deductible gift recipient status (“DGR”) for school building funds would not realise, but in fact undermine, the principles under, and policy for which, the Commission’s recommendations are made. Additionally, revoking DGR status for school building funds would be a retrograde step from the continued evolution of our society, for short-term economic benefits, and long-term economic and cultural damage.

Page 179 of *Future foundations for giving* states that the Deductible Gift Recipient system reform should be founded in the following principles:

- “[A] rationale for taxpayer support because the activity is expected to generate net community-wide benefits and would otherwise likely be undersupplied by the market
- “[N]et benefits from providing government support for the activity through subsidising philanthropy using a tax deduction for giving (as opposed to other government funding mechanisms, like grants)
- “The activity is unlikely to create a material risk that tax-deductible donations can be converted to private benefits for donors.”
- The unlikelihood of “a close nexus between donors and beneficiaries, such as the material risk of substitution between fees and donations.” (page 196)

Purportedly pursuant to the foregoing principles, at page 196, *Future foundations for giving* makes the recommendation to, “expressly exclude... primary, secondary, religious and other informal education activities, with an exception for activities that have a specific equity objective (such as activities undertaken by a public benevolent institution)”.

Page 189 further elucidates the reasoning of this recommendation, wherein it states:

“School building funds can be an important way of funding the infrastructure improvements necessary for delivering education outcomes in school communities. School building funds first became eligible for DGR status in 1954, at a time when government support for non-government schools was very limited (O’Connell 2023). However, government support for non-government schools has expanded considerably since that time, which has reduced the rationale for school building funds to have DGR status.”

This is a recommendation to amend Item 2.1.10 of s 30-25 of the *Income Tax Assessment Act 1977 (Cth) (ITAA)* as it provides DGR status to “schools” and “colleges”. So too does it speak to repealing the protections afforded in Items 2.1.8-2.1.9A.

The foregoing of *Future foundations for giving* does however not give due regard to:

- (a) How privately educated youth, which generally achieve better academic outcomes, contribute to the economy by increased competence, innovation and proficiency.

- (b) How private education, by imparting norms and frameworks of morality, results in less juvenile delinquency, thereby lessening the cost of crime and social welfare for Government.
- (c) The role private education plays in instilling in the character of their students' notions of service to others – which is often linked to faith – and the financial returns this provides for Government.
- (d) How donors will respond in changing their giving to school building funds if not tax deductible.
- (e) Whether private educational institutions can in fact afford the proposed repeal of the DGR category; understanding of the financial health of such schools in Australia.
- (f) If they can survive, whether private educational institutions can continue to afford to provide the quality of education that results in the above-mentioned positive outcomes.
- (g) Whether, in the long-term, repealing the DGR category will lead to higher school fees for parents.
- (h) That educated citizens have better health outcomes and therefore less need for Government's healthcare systems.
- (i) How non-formal schooling, such as religious and theological instructional centres, directly, by action originating in or from their buildings, and indirectly, by instilling notions of service, help the economy by social betterment programs.
- (j) How non-formal schooling, such as religious and theological instructional centres, decrease the cost of immorality by instilling ethics in the individual and norms and mores in the community – contrasted with the cost for Government of crime and drug abuse.
- (k) How non-formal schooling, such as religious and theological instructional centres, improves the wellbeing of individuals, thereby promoting productivity and reducing the need for welfare and government supported healthcare.
- (l) How non-formal schooling, such as religious and theological instructional centres, lessens the likelihood of family breakdown, or in the case that does occur, its consequential costs that are often borne by Government.

## WHAT IS A “SCHOOL”?

The term “school” in Item 2.1.10 of s 30-25 of the ITAA has been interpreted by the judiciary to hold its natural and ordinary meaning, encompassing formal and non-formal schooling. In *The Buddhist Society of Western Australia Inc v Commissioner of Taxation (No 2)* [2021] FCA 1363, when tasked with its interpretation, Justice McKerracher of the Federal Court of Australia stated:

93 Finally, in *NIDA* [National Institute of Dramatic Art v Chief Commissioner of State Revenue [2016] NSWSC 1471; (2016) 103 ATR 856] White J made the following observations about the meaning of ‘school or college’, having first considered the three decisions discussed above (at [37]-[39]):

37 ***Cromer Golf Club, Leeuwin and Australian Airlines provide a consistent body of authority attributing a wide meaning to the word “school”*** to which the Parliamentary draftsman might be expected to have had regard in the drafting of the relevant provisions of the Payroll Tax Act.

38 NIDA submitted that cl 4 of Sch 1 uses the words “school or college” in the traditional sense, rejected by the Full Court in *Leeuwin*, of an educational institution that promotes learning through a set curriculum taught by a professional body of teachers and subject to a formal assessment, and encompassing the notion of regular attendance over a substantial period of time...

39 **In my view the word “school” in cl 12(1)(c) is to be given the wide sense that the word has been given in the Australian cases referred to above as being a place or institution where people, whether young, adolescent or adult, receive instruction in some area of knowledge or of activity... I do not accept that in cl 12(1)(c) the words “school or college” refer only to an educational institution that promotes learning through a set curriculum taught by a professional body of teachers and subject to a formal assessment encompassing the notion of regular attendance over a substantial period of time. The National Fitness Camp in *Cromer Golf Club* and the training ship in *Leeuwin* would not be a school (or college) on that more limited definition.**

(Emphasis added.)

94 Two important observations are readily apparent from the survey of the authorities above. *Cromer Golf* and the cases which have followed it have adopted the ordinary usage of the term ‘school’ and have avoided any gloss on the dictionary definition. They have avoided superimposing additional requirements such as appear in TR 2013/2. They have simply applied this very broad ‘ordinary meaning’ to a diverse range of facts and circumstances. Barwick CJ’s statement that a school is ‘a place where people, whether young, adolescent or adult, assemble for the purpose of being instructed in some area of knowledge or of activity’ has not been doubted. That statement, in my view, aligns comfortably with the various dictionary definitions cited in the authorities above. Particularly, a school is ‘an institution in which instruction of any kind is given’.

95 The second is that none of the cases referred to above employed the phrase ‘regular, ongoing and systematic instruction’ in considering whether an entity was operating a ‘school’. Thus, the Commissioner faces the difficult task of convincing the Court that such words now form part of the ‘ordinary meaning’ of ‘school’ by necessary implication from the reasoning in the previous cases, despite the absence of the express words.

96 In my view, this central contention cannot be accepted. There is no warrant to read any of the authorities as establishing this additional requirement that goes to the

nature of the instruction that is provided at a school. Nor can it be said that this description of the type of instruction arises by necessary implication from the *Cromer Golf* and dictionary definitions or their application in the subsequent cases. While it may be the case that many schools do provide ‘regular, ongoing and systematic instruction’, those words simply do not form part of the ‘ordinary meaning’ of ‘school’ and are therefore not a necessary quality that every school must possess. To the extent that the Commissioner imposed this requirement in the Objection Decision, I consider that he proceeded on a misunderstanding of the law.

97 Similarly, I consider that the adoption by the Commissioner of the ‘factors’ identified by Sundberg and Merrell JJ in *Australian Airlines* and those expressed at [18] of TR2013/2, as prerequisites of any school is, with respect, misplaced...

...

101 What the authorities establish is that a school must be providing education...

It can therefore be seen that the proposed revocation of the school building fund DGR category will have far-reaching implications for many aspects of the community.

## (PRIVATE) EDUCATION IS IMPORTANT

Education has far-reaching community-wide benefits; notwithstanding the education of only those members of the association in question has net community-wide benefits and is essential to the survival of our society’s technology and culture.

Article 13(1) of the *International Covenant on Economic, Social and Cultural Rights* (“ICESCR”), states:

“[E]ducation shall be directed to the full development of the human personality and the sense of its dignity, and shall strengthen the respect for human rights and fundamental freedoms. They further agree that education shall enable all persons to participate effectively in a free society, promote understanding, tolerance and friendship among all nations and all racial, ethnic or religious groups, and further the activities of the United Nations for the maintenance of peace.”

Elucidating upon this human right, in General Comment No 13: The Right to Education, the Committee on Economic, Social and Cultural Rights proclaimed:

“1. Education is both a human right in itself and an indispensable means of realizing other human rights. As an empowerment right, education is the primary vehicle by which economically and socially marginalized adults and children can lift themselves out of poverty and obtain the means to participate fully in their communities. Education has a vital role in empowering women, safeguarding children from exploitative and hazardous labour and sexual exploitation, promoting human rights and democracy, protecting the environment... Increasingly, education is recognized as one of the best financial investments States can make. But the importance of education is not just practical: a well-educated, enlightened and active mind, able to wander freely and widely, is one of the joys and rewards of human existence.

...

“4. States parties agree that all education, whether public or private, formal or non-formal, shall be directed towards the aims and objectives identified in article 13 (1). The Committee notes that these educational objectives reflect the fundamental purposes and principles of the United Nations as enshrined in Articles 1 and 2 of the Charter.

...

“45. There is a strong presumption of impermissibility of any retrogressive measures taken in relation to the right to education, as well as other rights enunciated in the Covenant. If any deliberately retrogressive measures are taken, the State party has the burden of proving that they have been introduced after the most careful consideration of all alternatives and that they are fully justified by reference to the totality of the rights provided for in the Covenant and in the context of the full use of the State party’s maximum available resources.

“46. The right to education, like all human rights, imposes three types or levels of obligations on States parties: the obligations to respect, protect and fulfil. In turn, the obligation to fulfil incorporates both an obligation to facilitate and an obligation to provide.

“47. The obligation to respect requires States parties to avoid measures that hinder or prevent the enjoyment of the right to education. The obligation to protect requires States parties to take measures that prevent third parties from interfering with the enjoyment of the right to education. The obligation to fulfil (facilitate) requires States to take positive measures that enable and assist individuals and communities to enjoy the right to education. Finally, States parties have an obligation to fulfil (provide) the right to education.”

It is education alone that carries forward our civilisation: its culture and technology. Without education, our society’s outlook is bleak.

We have education to thank for our society’s current state of ethics, reason and culture, and our high-watermark systems of politics and justice. Our society has evolved in this respect parallel to the rise and development of men and women who seek out and disseminate knowledge; education.

For example, how different our lives would be were it not for the great minds of the past: Siddhartha Gautama, Jesus Christ, and those of the Age of Enlightenment. Their education elevated our civilisation to hitherto unknown strata of awareness, dignity, compassion and justice.

Often however, the greatest minds have not been accepted; too ahead of their time, they did not derive their wisdom from the curriculum of formal schooling. In fact, many of the greatest philosophers never completed tertiary degrees. Non-formal schooling is just as essential.

The education necessary to carry a culture forward starts with young minds. Juvenile delinquency is more prevalent in public than private schools; this is unfortunate, and not a criticism of teachers, but is however true.

Nor is the education that is necessary to, and does, carry forward our culture and technology, limited to formal primary, secondary and tertiary schooling.

Formal schooling however is essential to the survival of our civilisation, yet the vocabulary of the average high-school graduate is shrinking at an alarming rate. Consider also that in these modern times of ChatGPT writing university essays, tertiary students can – and do – graduate with anything but a thorough and conceptual understanding of their field with which to take the reins of the retiring generation.

By virtue of the internet, the resources to educate oneself are now more available than ever. For most however, algorithms of social media entrance their attention for hours each day. The availability of information is worthless without a culture that wants to, or in fact does, understand it. Education provides developing minds the hunger for knowledge, too – and seldom can that be taught from a screen.

For centuries our society has progressed forwards in the direction of evolving our culture and understanding of the universe – by education alone; for in this absence of education, our culture deteriorates. Are educational standards on an upwards or downwards decline, compared with 100 years ago? Promoting education provides a way out. Is that not in the Government's interests?

Education provides net community-wide benefits. The health of our economy is intrinsically linked to the competence of the populous and the sophistication of our culture.

## RELIGIOUS SCHOOLING IS IMPORTANT

Religious education, whether as part of formal schooling or by non-formal schooling at religious and theological instructional centres (herein after referred to collectively as “religious schooling”), provides community-wide benefits by providing a framework of and path to higher states of responsibility and happiness.

Religious schooling sets standards of ethics and values for the success of our society.

Whilst there is a perceptible push in Western culture to undermine the inherent value of religion – to say that our civilisation's strides forward in justice and compassion would have occurred irrespective of religion – history bears a different story, however.

The great strides forward Mankind has made have been as a result of, or underpinned by, an appreciation for our role in the universe in the context of religious belief.

To say then that religious schooling is of benefit only to those students is a very short-sighted view.

Religious schooling enhances the responsibility of students; it leads to an appreciation for one's duties to his or her family, Mankind, the environment, the Supreme Being and his or her infinity of future. An enhanced sense of responsibility leads to being a more productive member of society and lessening one's need for Government assistance. It means ensuring those around one are doing well and prospering, and helping them to their feet when they are not.



Conversely, decreased levels of responsibility, arising from a decline in morality and a lack of appreciation for the interplay of oneself with the wider world, and a misapprehension of one's infinity of future, is of great cost to society and Government: civil disputes, the breakdown of businesses and families, unproductivity, incompetence, and criminality.

Whether by expressly written moral codes or an appreciation for one's infinity of future, religious schooling results in more ethical members of society. Often however the argument in reply is that our law serves this purpose – why is it then that there is greater criminality amongst the non-religious? To define only what is impermissible is of limited scope in fostering an ethical society. The net community-wide benefits of morality are patent; religion is for the public benefit as it promotes moral and community values.

Religious schooling also instils notions of service, and with that, a desire to help those in need, who would otherwise require the assistance of Government.

By way of example, when Scientologists complete Scientology courses, we notice time and time again an increased level of responsibility for improving societal conditions. For this reason, the Church of Scientology Australia sponsors the following social betterment programs:

- (a) *Drug Free Ambassadors Australia*, delivering the “The Truth About Drugs” program to educate youth and adults alike of the harmful effects of drugs, as well as programs for educators.
- (b) *The Way to Happiness*, a non-denominational moral code based wholly on common sense, originally published in 1981 by L Ron Hubbard, its purpose is to help arrest the current moral decline in society and restore integrity and trust to humankind.
- (c) *Youth for Human Rights* whose purposes is to raise awareness and educate adults and children alike of their human rights, regardless of their background, ethnicity or faith; we recognise that all people are created with equal and inalienable rights.
- (d) *Scientology Volunteer Ministers Program*, a religious social service program, from providing support for community multicultural and sporting festivals to providing emergency disaster relief services in the recent floods of Eugowra and 2019-2020 bushfires, Volunteer Ministers seek to provide the tools and technology of Scientology in service of their community.

It has been our experience that those Scientologists most involved in our social betterment programs are Scientologists who have completed courses and acquired a thorough understanding of Scientology Scripture. Increases in knowledge parallel increased responsibility, not to mention one is more willing and able to look beyond themselves when they feel content with the state of their own life.

Religious schooling, as a means of acquiring knowledge of self, others, the Supreme Being and our infinity of future – including the good and a means to understand evil – increases one's abilities and willingness to confront the injustices of our society, and do something about it. That *is* of benefit to the wider community.

## EXTENDING DGR STATUS TO CHARITIES ADVANCING RELIGION

At page 196, *Future foundations for giving* makes the following recommendation to Government:

“In applying these principles, the Australian Government should:

- “extend eligibility for DGR status to most classes of charitable activities, drawing on the charity subtype classification in the *Australian Charities and Not-for-profits Commission Act 2012* (Cth) to classify which charitable activities are eligible for DGR status and which are not
- “expressly exclude the following classes of charitable activities or subtypes:  
...  
- all activities in the subtype of advancing religion”.

Whilst amending the DGR categories by including most charitable activities would be a positive change for the Australian community, as well as making the law more logical and consistent, for the reasons set out herein above, the express exclusion of all activities in the subtype of religion is disconcerting.

The justification for this is made on page 192:

“[T]he additional net community benefits from extending the DGR system to include the purposes of purely advancing religion are not apparent.

“There is also a material risk of a nexus between donors to religious organisations and beneficiaries.”

There is however a concerning paucity of reasoning to support the above conclusions, and a lack of discussion as to the net community-wide benefits that do arise from advancing religion. More alarmingly however is a seeming lack of willingness to consider the merits of including the advancement of religion as eligible for DGR status.

The “purpose of advancing religion” is presumed to be of public benefit pursuant to s 7 of the *Charities Act 2013* (Cth) from the long-standing recognition in the common law that the advancement of religion improves societal conditions, generally, and for the majority of the Australian population that identifies with a religion.

In the circumstances where most other classes of charitable activities are recommended to be included, and the advancement of religion expressly excluded, it would appear religion is being discriminatorily subordinated to other charitable activities. This also impliedly sends the message to the wider community that Government thinks religion does a second-class job of aiding society as compared to other charitable activities.

## CONCLUSION

Whilst it is true that the DGR system needs reform considering its piecemeal origins, due regard must be had for long-term effects.

With respect to adopting additional DGR categories, yet expressly excluding the advancement of religion, the recommendations of *Future foundations for giving* subjugates religion to nearly all other charitable activities – indirectly discriminating against and dismissing the value of religion in our society.

In the case of school building funds, their benefit to society cannot be understood by the limited and short-sighted approach taken in *Future foundations for giving*. We implore the Productivity Commission to consider the indirect, long-term, and likely irreversible effects of its recommendation to revoke DGR status for school building funds – the financial consequences for the schools affected, and the consequential impacts upon society.

**END**