

Submission to the Australian Government Productivity Commission's 'Future Foundations for Giving. Draft report. Overview'. November 2023

We are a small Buddhist Centre with charity status, the Australian International Vajrayana Buddhist Institute Ltd., ABN 57483757995. The organisation is also known as AIVBI and Nalandra. We have a School Building Fund, the Jamchen Buddhist Centre School Building Fund, which has DGR status.

The School Building Fund's DGR status enables benefactors to make tax-deductible donations, providing an additional financial incentive in line with their motivations to benefit the community through Buddhist teachings and practices. The Fund's DGR status makes the altruistic and benevolent motivation to practice generosity more financially viable and does not result in personal gain. Nalandra ensures that their generosity does not translate into personal gain such as reduced membership costs, by keep the running costs of our centre entirely independent of our school building fund. The centre is run entirely by volunteers with no paid staff, and we keep costs to a minimum to minimise membership fees for our members.

Nalandra has some suggestions regarding the proposed revocation of DGR status for small charities with school building funds such as ours, based on the way we operate our building fund and manage our DGR status.

We appreciate the issue raised by the Commission with regards to personal gains (in the form of reduced tuition fees for example) being connected with tax-deductible donations. This may be an inherent problem in the DGR model of government support for school building funds, however withdrawal of DGR status could amplify the problem for some organisations that are not eligible to receive other forms of government support such as grants to counteract the reduction in donations that would inevitably result from the removal of DGR status. The reduction in available funds for building and maintenance would need to be recovered within the organisation itself, forcing the onus on its members through increased fees. This would not only become a financial burden to members but imply that there had been a nexus between beneficiaries and benefactors, even if the organisation had taken care to protect against this. This would undermine the ethos of philanthropic giving, and the ethos of not-for-profit organisations such as Buddhist communities, where the practice of generosity (with an altruistic motivation to benefit others without expectation of personal gain) is central to its ethos and teachings. This could result in diminishing member confidence in the organisation and the DGR system, and potentially result in the loss of members, further compounding the financial void created by the loss of DGR status.

In response to information requests 6.1 and 6.3 we offer the following suggestions and observations:

That if DGR status for school building funds is withdrawn, a grandfather clause be made for organisations which currently have DGR status for a school building fund, under a specific listing with the following 5 considerations:

1. That there is demonstratable transparency in financial records to ensure donations are used for their intended purpose. This could include records showing that the school building fund is managed independent of the organisation's every day running costs and has no bearing on financial contributions for receiving tuition at the school. It could include financial reporting to ACNC that clearly delineates accounting for the school building fund from accounting for organisational running costs.

2. That there is a mechanism through which donors can observe how their donation has been used to ensure it aligns with their intentions.
3. That there is transparency with members on what tuition fees are used for, involving financial statements delineating the use of funds for school building purposes from other costs.
4. That the fund is in its infancy and not yet holding a sufficient amount to build a school. In this case, withdrawal of DGR status would impede the growth of the fund and potentially prevent it from accumulating sufficient funds to build a school. This would immobilise the funds that benefactors have donated, preventing them from being used for their intended purpose. Withdrawal of DGR status in this instance would thwart both the development of a young organisation and the philanthropic intentions of its donors. Donor confidence could be negatively impacted which might impede further giving both to the organisation in question, and more broadly to other tax-deductible funds.
5. That other forms of government support such as grants are not applicable to the organisation.

If DGR status is withdrawn from all school building funds, consideration could be given to supplementing the shortfall in funds by making government grants available where they are not currently an option. Consideration would need to be given to the broader aims of the entity and the merits of its benevolent activity. Buddhist education for example, can easily be dismissed as religious in nature, however there are many potential benefits to the community that can come from offering education in compassion, wisdom, and ethical conduct. A growing body of research evidence is demonstrating the efficacy of Buddhist principles and practices to address a broad range of problems in our society. Practices such as mindfulness and non-harming are showing measurable benefits in fields such as mental health, palliative care, and corrective services.

Of great concern to Buddhist communities, particularly those such as ours, which are in the early stages of development, is that withdrawal of DGR status for school building funds could threaten the financial viability of the organisation's continued operation. Their other charitable purposes such as advancing culture and the wide range of benevolent activities that they perform could also be lost, which would be an incalculable loss to the broader community.

We trust that the Productivity Commission will give due consideration to the characteristics and needs of organisations such as Buddhist groups, especially those in early development phases.