



Atheist Foundation of Australia Incorporated (AFA)
Submission to the Productivity Commission’s Draft Report on Philanthropy
February 2024

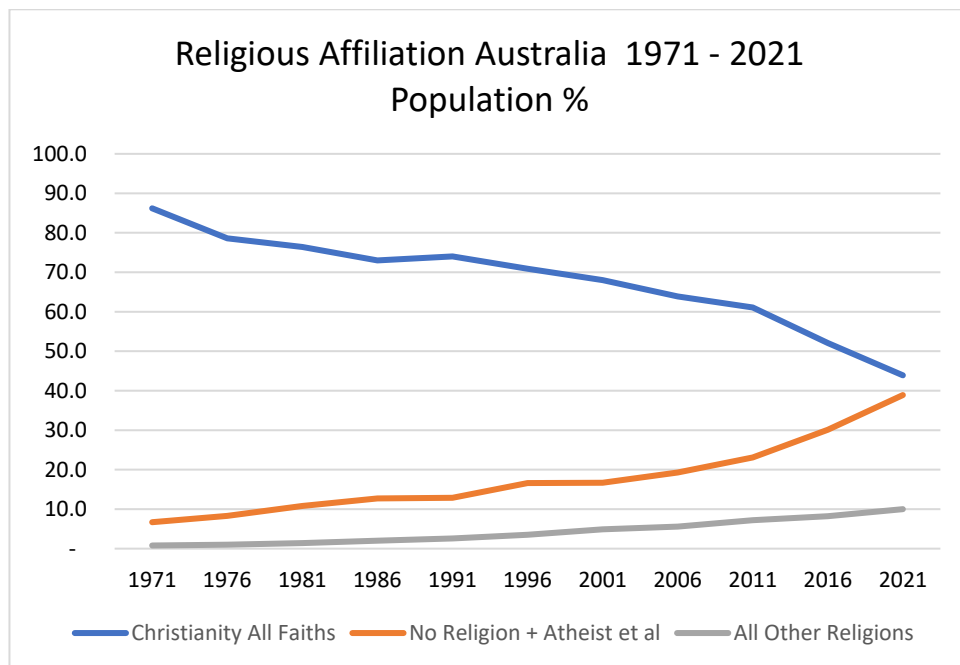
The Atheist Foundation of Australia Incorporated (AFA) was established in 1970 and has members in every State and Territory across Australia. Its aims include the encouragement and provision of informed free-thought on philosophical and social issues, applying the scientific method regarding proof on matters of belief versus facts, and to safeguard the rights of non-religious people.

The AFA makes this submission to the Productivity Commission in response to its Draft Report on Philanthropy 2024. Our comments focus on the elements of the report reviewing Charities and Deductible Gift Recipient (DGR) Status.

Context

a) Religious Status of Australian Citizens

A factor in our submission is the changing status of religion in Australia. The Australian Bureau of Statistics through the Census monitors religious status of its citizens.



Deducing from the ABS graph above, it is expected by the next Census in 2026 that the “Atheists and No-Religion” group will be the largest single group in Australia. As a proportion of the population, this group deserves, at the very least, equal government financial treatment to religious groups. Currently, this does not occur due to historical quirks within the Charity and Tax Assessment areas of government. Religious

benevolent behaviour, as with any benevolent behaviour, has a positive effect in our society, but religions and Basic Religious Charities (BRC) are commonly privileged financially, having money collected or forgone through the tax system and redirected into religious activities. The AFA recommends that tax incentives to religion and Basic Religious Charities be removed to create equity within the system.

b) Secular Perspective

By far, the majority of Australians want their governments to be run in a secular manner. That is, they expect the separation of Church and State.

In 2016 The Rationalists Association of NSW and Plain Reason commissioned a secularism survey with the international polling company IPSOS and found that:

78.4% of the population thought that it was “very” or “somewhat” important to separate personal religious beliefs from the business of government.¹

At that time the non-religious community was much smaller than today, so this indicates that not only do non-religious Australians want secularism, but a high proportion of those holding religious beliefs also expect secularism from government.

The AFA does not want (or even believe it is possible) to remove individual choice to practice a religion - but it does expect, along with 78% of Australians, that no financial bias or benefit is granted by government towards the practice of religion.

c) Philanthropy Review

The Australian Government has, in the context of its goal of doubling giving by 2030, asked the Productivity Commission to undertake an inquiry to analyse motivations for philanthropic giving in Australia and identify opportunities to grow it further. The AFA welcomes this review.

The terms of reference assigned the Commission three broad tasks:

- analyse trends in philanthropic giving in Australia and the drivers of these trends
- identify opportunities for, and obstacles to, increasing philanthropic giving in Australia
- recommend ways to respond to these opportunities and obstacles.²

The inquiry focused on charities as defined in the *Charities Act 2013* (Cth), including those with and without Deductible Gift Recipient (DGR) status. The reason for this focus is that the government’s role on influencing giving by granting tax deductions for donations is centred on registered charities and organisations with DGR status – these are the entities generally used to promote, receive and distribute philanthropic donations.

The terms of reference also ask the Commission to examine the effectiveness and fairness of the DGR framework and the ability of donors to assess and compare charities.³

The AFA notes this last element of “fairness” within the DGR framework and suggests the current system is not fair, and is unfairly weighted towards financial privilege for religious organisations.

¹ <https://www.nsl.org.au/resources/surveys/ipsos-2016-secularism-survey-data/>¹

² 2023 Productivity Commission Draft Report p64

³ Ibid.

AFA Comments on Draft Recommendations

The Draft Report on this review provides a number of recommendations, and the AFA comments on the following which pertain mainly to the impact of religion in the review:

Draft Recommendation 6.1

A simpler, refocused deductible gift recipient (DGR) system that creates fairer and more consistent outcomes for donors, charities and the community.

The AFA supports this basic premise, which provides a reasonable guide to the type of activity that warrants government support. In particular, withdrawal of DGR status to charities for school building funds or to provide religious education in government schools will eliminate the unfairness of many schools converting a tax-deductible donation into a private benefit. The non-religious and ex-religious query whether objective fairness and transparency is achieved by, for example, parents of children at Catholic schools receiving a tax deduction for donating to their school to install its third swimming pool. This would seemingly focus benefits to their children rather than the community at large.

The AFA also strongly supports the lack of DGR status for charities undertaking advancement of religion. The underlying assumption that advancing religion somehow is a benefit to society is prejudiced against those who hold no religion,

The AFA concurs with the Commission that the changes to the DGR framework would clearly still allow for charities to undertake those activities not excluded by the use of the existing mechanism of a gift fund. This ensures tax deductible donations would only be directed towards non-excluded activities.

The AFA notes and strongly agrees with the Commission's comment on p20 of the Report that it sees no compelling case for grandfathering existing DGR endorsements. Any grandfathering would totally undermine the whole case for creating a unified, consistent and transparent approach to the changes proposed for the DGR system.

The AFA supports the commission on these draft recommendations.

Draft Recommendation 7.1

A more transparent and consistent approach to regulating basic religious charities.

The Australian Government should amend the *Australian Charities and Not-for-profits Commission Act 2012* (Cth) to remove the concept of 'basic religious charity' (BRC) and associated exemptions, so all charities registered with the Australian Charities and Not-for-profits Commission have the same governance obligations and reporting requirements proportionate to their size.

The AFA supports this change as there seems to be no substantive reason to treat BRCs differently to any other type of charity. Currently they are under no obligation to provide financial and other governance reporting to the ACNC or tax authorities, simply because they have a religious basis. Full accountability and transparency are critically important in this regard.

Further Issue

Income tax

The AFA notes the terms of reference for the Commission are limited to assessing Philanthropy, but suggests that these are only part of the levers available to encourage and regulate best practice in the direction of funds to charitable work.

The DRG framework provides incentives or disincentives to encourage donations to maximise community benefit. But the final community benefit is derived from a combination of that cost with the costs associated from the income taxation system.

By providing income tax exemptions for income and capital gains tax, the government (and by association the community) forgoes taxation revenue that would otherwise be directed to other public purposes. Charities and in particular Basic Religious Charities benefit from tax exemption based on “advancing religion” as a head of charitable purpose without regard to their financial circumstances and effectiveness.

The treatment of religious activities as “charitable” is an historic anachronism which has no place in modern society or values. There is nothing inherently charitable about a group simply because it adheres to a particular set of spiritual beliefs. The AFA supports targeted, directed and transparent benevolent activities, but the concept of advancing a belief system does not in itself benefit the needy in society. The AFA believes this to be inequitable as it redirects government funding away from broad community projects and focusses it towards an inappropriate, limited and declining proportion of the population.

In summary, the AFA encourages the Commission to recommend the proposed reforms to the DRG system to government which reflect modern values and needs in the community, and to include a reference in its final report to the need for a more complete examination of charities through the income tax framework.

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