

Australian Bahá'í Community

Submission to the Productivity Commission's inquiry into Philanthropy and its Draft Report: “Future Foundations for Giving.”

February 2024



Productivity Commission's inquiry into Philanthropy Submission – 2024 Australian Baha'i Community

The Australian Baha'i Community welcomes the opportunity to make a submission to the Productivity Commission's inquiry into Philanthropy and its Draft Report titled "Future Foundations for Giving." Given the important role that philanthropy and charity play in contributing to community and social wellbeing, we commend the Australian Government's call for submissions from all levels of society.

This submission will draw on the Australian Baha'i Community's century-long experience in drawing on education and educational institutions to help empower and raise capacity in individuals, communities, and institutions to contribute to social wellbeing. It will address the Commission's recommendation outlined in its Draft Report that all school building funds be removed from the DGR system, regardless of whether they are associated with religious, independent, or public schools.

The Australian Baha'i Community

The Australian Baha'i Community is a faith-based community with a presence in Australia since 1920 and has worked alongside others to apply principles from the Baha'i teachings to contribute to the development of a united, peaceful and just society through the elimination of all forms of prejudice and the promotion of the principle of the oneness of humanity.

The Baha'i Faith was founded 180 years ago and is a worldwide religion with more than five million members globally. Its membership in Australia represents the diversity of modern Australia, and its activities include people from a wide array of experiences, cultural, ethnic, and religious backgrounds.

The Role of Education in Society

The Baha'i Faith views education as the highest form of human endeavour as it is education that will contribute the most to the advancement of human civilisation. Abdu'l-Baha, the son of the Founder of the Baha'i Faith has noted: *"The primary, the most urgent requirement is the promotion of education. It is inconceivable that any nation should achieve prosperity and success unless this paramount, this fundamental concern is carried forward. The principal reason for the decline and fall of peoples is ignorance. Today the mass of the people are uninformed even as to ordinary affairs, how much less do they grasp the core of the important problems and complex needs of the time."*

It is through education the knowledge, skills, abilities, attitudes, and qualities that are needed for individual and societal progress can be acquired and shared. Abdu'l-Baha further states: *"Human education signifies civilization and progress—that is to say, government, administration, charitable works, trades, arts and handicrafts, sciences, great inventions and discoveries and elaborate institutions, which are the activities essential to man..."*

All forms of education, spiritual, moral and material provided to all segments of society are seen as a public good. Such education can also serve as the remedy for the various ills which beset society. These ills of society may also be addressed by more direct forms of charity, but they may not be fully effective without education as a core component of the approaches taken. A prime example of this is the critical role that education plays in capacity building, from which individuals and communities can gradually address the issues affecting their community.

Schools and other educational buildings thus form a critical part of educational infrastructure, allowing for the delivery of various forms of education to children, youth, adults, and even families and communities, in diverse settings and in diverse ways. Without such infrastructure the ability to provide effective education will be limited.

The development of such venues and their maintenance through school building funds, as a form of charitable donation supported by the State, provides an important opportunity for citizens to contribute to the development of their communities and the nation. The education of any child, whether from a high or a low socio-economic background, is a public good. The education of children is primarily the responsibility of the parents who should be encouraged to donate from their means for the betterment of their community. School building funds in support of public schools should be promoted, thus encouraging the community to support its local schools for the benefit of current and future generations. A matter as vital as education should be a partnership between the three protagonists, comprising the individual, the institutions of society and the community at large.

Educational Endeavours of the Australian Baha'i Community

The Australian Baha'i community notes that the Commission in its Draft Report recommends that all school building funds be removed from the 'deductible gift recipient' (DGR) system, regardless of whether they are associated with religious, independent, or public schools. If this recommendation is implemented, apart from some small-scale scholarship funds and educational assistance for those with disabilities and other specific needs, there would no longer be any opportunity for any citizen to make tax-deductible donations towards any educational endeavours.

We ask the Commission to give closer consideration to the implications of such a recommendation, including possible unintended consequences. Education is the foundation of all philanthropy and ultimately the core approach to addressing the underlying problems of society and the provision for the continued development and prosperity of our nation. We believe that productivity would in fact be enhanced with a greater emphasis on education and society building while at the same time encouraging support for addressing societies immediate needs.

The Australian Baha'i Community offers for consideration its own modest experience which we hope can be of assistance in considering this issue further. The Australian Baha'i

Community participates in various processes that contribute to the advancement of Australian society. At the national level this includes contributing to the national discourse on social cohesion, the role of youth in social transformation, gender equality, the role of religion in society, the environment, and the role of the media. It participates in these discourses alongside organisations of civil society, religious and cultural communities, media, academia, government, and other stakeholders to collectively learn from one another and to advance them in ever more inclusive and productive directions.

At the local level, most Baha'is and their local communities across the country are gaining experience in fostering vibrant communities and neighbourhoods amongst groups of people from diverse backgrounds, religions and cultures. All involved are learning to work alongside their neighbours and friends in grassroots settings in metropolitan, regional and remote areas. The Australian Baha'i community operates several Centres of Learning throughout Australia that are endorsed as deductible gift recipient ("DGR") school building funds. These centres cater for the increasing demand from the general population for these innovative concepts of education for all ages and backgrounds, which complement the education programs provided in public and private schools. As noted above, such education aims to contribute to the advancement of society and is rooted in the following principles:

1. That humanity, in all its rich diversity, is part of one human family.
2. All relationships are characterised by interconnectedness, interdependence and reciprocity.
3. Each individual and community have inherent within them latent capacities and talents which can contribute to the common good and it is education that can release such latent capacities.

Such a conception of education aims to build new conceptions of community life while raising the capacity for communities to address the underlying causes of the problems of society.

These Baha'i Centres of Learning are funded through voluntary non-tax-deductible donations as well as donations to registered DGR school building funds. Their programs are open to all, and participants come from diverse backgrounds, religions and cultures. No fees, other than for meals and accommodation, are charged for the educational programs which are offered on a voluntary basis. They provide a space where families and various groups and communities can come to further their study and continue their consultation about the development of their local areas. They are offered as a gift from the Baha'i community to the community at large. They are not spaces for proselytising, and they are not designed to advance creeds and doctrines. These Centres of Learning demonstrate an organic collaboration between the three protagonists of society, comprising the individual, the institutions, and the community, working harmoniously together to help improve individual and collective wellbeing.

The Productivity Commission outlines in its draft report three principles that should govern whether a charitable activity would be within the scope of the DGR system.

1. The activity should generate net community-wide benefits that would otherwise be undersupplied by the market.
2. The net financial benefits from providing a tax deduction for the activity are greater than some other system of funding such as government grants.
3. That the activity is unlikely to result in a material risk of converting tax-deductible donations to private benefits for the donors. For example, if a donation to a school building fund led to lower school fees.

The report further elaborates:

"Religious organisations play an important role in many people's lives and communities across Australia. However, the Commission does not see a case for additional government support for the practice of religion through the DGR system, based on the first principle above."

"School building funds for primary and secondary schools and religious education would be the main entities that would no longer be eligible for DGR status under the Commission's proposals. There are currently about 5,000 DGR endorsements for school building funds. Of these, three-quarters are charities, and the remaining quarter are government entities such as public schools."

Further:

"The Commission's view is 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. The potential for a donor to be able to convert a tax-deductible donation into a private benefit is especially apparent for primary and secondary education, particularly where students are to be charged fees. Potential donors are most likely to be people directly involved with the school and benefit from donations, such as students, their parents or alumni."

We believe that Centres such as those we run comply with the principles outlined by the Commission. They are not premised in the practice of religion and present no risk of converting a tax-deductible donation into a private benefit given that no fees are charged, and they are open to all of society. Our Centres provide an example of some of the broad diversity of activities that could be impacted as an unintended consequence of removing school building funds from the DGR system.

Additional considerations

In addition to explaining the educational endeavours of the Australian Baha'i Community such a decision may impact, we would like to share some additional considerations. The

report puts forward that school building funds primarily benefit specific interests and do not provide a community-wide benefit under the first principle above, and further notes that donors privately benefit from potentially lower school fees, which contravenes the third principle above. We understand that the recommendation to abolish the DGR-based school building funds is based on the above reasoning.

Given the multi-generational life of school buildings and facilities, which can be up to 100 years on average, we understand that the principal beneficiaries of school building funds will mostly be the future generations of students. Current students, their parents and alumni are the beneficiaries of past donations. We acknowledge that school building funds can be used towards current repairs and maintenance, however, this is likely to represent a relatively modest portion of the funds.

The Australian Baha'i community recognises that there could be some inequities arising from the current DGR system, which will need to be addressed. We would like to suggest the Productivity Commission consider addressing these inequities in such a way as would preserve the widespread benefits of school building funds and consider the unintended consequences affecting institutions that receive no government funding but play an important role in contributing to the betterment of society.

The Australian Baha'i Community thanks the Productivity Commission for the opportunity to provide its views on its Inquiry into Philanthropy and its Draft Report titled "Future Foundations for Giving." We look forward to learning the outcomes of the inquiry.

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