



Uniting Church in Australia – Synod of Victoria and Tasmania welcomes the Productivity Commissions’ enquiry into Philanthropy

The Uniting Church in Australia – Synod of Victoria and Tasmania welcomes the Productivity Commission’s call for submissions into philanthropic giving.

The Federal Government’s aim to double philanthropic giving by 2030 is also applauded and encouraged.

As the Productivity Commission (**PC**) has noted, philanthropic giving underpins much of the activities of charities around Australia and that of Uniting Church in Australia – Synod of Victorian and Tasmania (**UCAVT**).

This submission addresses the following issues raised by the PC:

PC area of enquiry	UCAVT submission in summary
1. <i>Identify opportunities to increase philanthropic giving</i>	That churches ought to maintain their status as charities
2. <i>Examine current barriers to philanthropic giving</i>	That bequests to charities ought to be protected more than they are today
3. <i>Examine the tax expenditure framework that applies to charities. In particular, assess the effectiveness and fairness of the deductible gift recipient framework and how it aligns with public policy objectives and the priorities of the broader community.</i>	That all charities, including churches, ought to have deductible gift recipient (DGR) status

Composition of the Uniting Church in Australia

The Uniting Church in Australia was formed by the union of three churches in 1977. Those three predecessor churches were the Presbyterian Church of Australia, Methodist Church of Australasia and Congregational Union of Australia.

The Victorian and Tasmanian Synods of the UCA merged on 22 June 2002 to form UCAVT.

In recent years, the UCAVT streamlined and incorporated some of its operations to allow for better governance and compliance and the development of areas of excellence in certain charitable functions. As a result, the UCAVT is the controlling entity of three companies limited by guarantee, two of which are deductible gift recipients those being Uniting AgeWell Ltd (**UAW**) and Uniting (Victoria and Tasmania) Ltd (**UVT**).

The UCAVT itself is a registered charity but is not – and currently cannot be according to current laws – a DGR.





UCAVT History of Philanthropy

UCAVT has a long and deep history of charitable activities for the whole of its history prior to the union of churches in 1977 and until today.

UCAVT, UAW and UVT (and a funds management company being Uniting Ethical Investors Ltd) are the current entities which operate in Victoria and Tasmania and carry on a proud history of missions and institutions that over the years have included Wesley Mission, Prahran Mission, Kildonan and Kilmarnock entities, Copelen Family Services and more recently UnitingCare and the SHARE fund.

Areas in which UCAVT over the many decades of operations have been particularly active are:

- Providing support for refugees and asylum seekers offering assistance with accommodation, employment, education, and mental health services.
- Supporting Indigenous communities through programs aimed at promoting reconciliation, cultural preservation, and social justice including being part of the creation and maintenance of the Uniting Aboriginal and Islander Christian Conference
- Providing emergency relief and support services for people experiencing homelessness, poverty, and family violence.
- Providing education and training programs for people with disabilities and mental health issues.
- Offering pastoral care and support for people experiencing illness, grief, incarceration and bereavement.
- Advocating for social justice and human rights issues, including climate change, gender equality and refugee rights.
- Supporting international development programs in countries such as Timor-Leste and Cambodia.
- Mission in areas of acute need such as after natural disasters e.g. providing ministry after the 2019/2020 bushfires or ongoing need such as prisons.

These activities – sustained over a period of time by UCAVT and now put into effect by the church and its institutions named above - demonstrate the strong and abiding commitment to serving vulnerable and marginalized communities, both locally and globally and working beyond UCAVTs members in the Victorian and Tasmanian communities.





Submission 1 - That churches ought to maintain their status as charities

While UCAVT is registered with the Australian Charities and Not-for-profit Commission with its purpose as 'advancing religion', UCAVT does not only run religious activities such as religious services, Bible studies and ministry to individuals.

UCAVT has a proud history of 'worship, witness and service': so while worship and the promotion of the Christian religion is a key component of UCAVT's activities, there are very significant activities beyond this – and beyond those provided by UCAVT's institutions of UAW and UVT which are recognised public benevolent institutions.

Two examples of this are:

- A. *Social justice advocacy*: UCAVT's Justice and International Mission Unit (**JIMU**) includes two full time social justice officers who work with congregations and other social justice networks to shape public policy towards a fair and just world.

Notable activities include investigations into modern slavery domestically and internationally, representation on significant policy fora including the Victorian State Government's Responsible Gambling Ministerial Advisory Committee and regularly making submissions on legislative changes. Recent outcomes of the Justice and International Mission Cluster from 2022 may be viewed here: [Justice-International-Mission-Report-to-Synod-2022.pdf](#)

- B. *Administration of the Moderator's Emergency Response Fund*: UCAVT administers a charitable fund established so UCA ministers, staff and volunteers may react quickly to support communities in times of major disasters such as bushfires, floods, storms or other crises.

The 2022 floods and the 2019 / 2020 bushfires are two periods in which UCAVT supported communities through filling gaps in services unable to be filled by social services organisations who may usually respond such as UVT. As this Fund does not have DGR status, there are no restrictions on what kind of support it can provide, including ministry, discipleship, and pastoral care. The fund is also able to make contributions to DGR projects/programs however any person who donates to this fund is not eligible for a tax deduction for the amount of those funds.

Also, even if UCAVT's only activity was the advancement of religion, UCAVT believes many of society's more intractable issues are attributable to lack of social cohesion and an overlooking of the people's spiritual needs as well as a failure to consider others and the community at large.

Worship answers much of this need and UCAVT strongly believes that its congregation networks immensely enhance the lives of those UCAVT members as well as the Victorians and Tasmanians with whom they interact. Studies have shown that religious involvement positively correlates with increased civic engagement, volunteering and charitable giving (Putnam, Robert D, and Chaeyoon Lim. 2010. "Religion, Social Networks, and Life Satisfaction." *American Sociological Review* 75 (6): 914-933)





Further, charitable organisations including churches are subject to legal and regulatory requirements that ensure accountability and transparency over such kinds of organisations. By maintaining their charitable status, churches are required to comply with these requirements which assists in ensuring they are using their resources and donations in a manner consistent with their stated purposes. If churches were not charitable organisations, tax concessions may be withdrawn but so would much government oversight and requirements for public transparency.

Finally, religious organisations, including the UCAVT, contribute significantly to the Australian economy by providing employment opportunities and stimulating economic growth. This economic impact encompasses direct spending by religious organisations, revenue generated by faith-related missions which is applied to other charitable purposes and the value of social services such as pastoral care provided by faith-based organisations.

By continuing tax concessions to churches, the Australian government supports the financial stability of religious institutions, enabling them to create jobs and contribute to the broader economy. Employment opportunities within religious institutions range from administrative and educational roles to ministerial and operational staff.





Submission 2 - That bequests to charities ought to be protected more than they are today

UCAVT has noted that bequests in wills to it and other charities are often forgone when family members of the deceased make claims against the will.

An example of this is:

- The deceased (**D**) makes a will and leaves 25% to her son, 25% to her daughter, 25% to UCAVT and 25% to another charity.
- D dies.
- The son claims he needs a greater share of the estate due to periods of unemployment and debts and claims 75% of the estate.
- The daughter counters by arguing that she cared for D prior to her death and believes that the son ought not receive a greater share of the estate than her.
- Neither UCAVT or the other charity have any mechanism to defend their entitlement to 25% of the estate each. Family maintenance provisions take precedence as current law holds that D must make provision for family members in need before any other person or entity benefits.
- UCAVT and / or the other charity may offer to take, say, 10% of the estate and disclaim the other 15% and leave the son and daughter to contest the distribution or the remaining portion of the estate – or the charities may disclaim all of their entitlement. This decision will depend upon:
 - the value of the estate and that charity's ability to engage in such a matter which may run for some years as well
 - how many parties are in the action and how certain or otherwise the outcomes may be and
 - their appetite to run litigation that may be perceived as disrespectful or insensitive to the needs of the family.

UCAVT believes that the current regime means that charities are often missing out on bequests validly made with those monies going to individuals or being applied to the legal costs to contest the distribution of the estate or both. UCAVT also believes that sometimes this process ignores the wishes of the deceased as some charities are held in higher regard by the deceased than the deceased's beneficiaries.

UCAVT recommends greater protection for charities to which bequests are made in one or more of the following ways:

* for estates with a value over a specified amount, say \$500,000, a bequest to a charity may never be reduced to zero – it could only be reduced to a percentage of the original amount as set in legislation. This would mean charities would not need to contest a will to ensure some of the original bequest was received and this floor would also reduce estate monies spent on legal fees; and





* that the circumstances in which family maintenance provisions take precedence over charitable giving be more precisely articulated for courts to apply. This may include a court's ability to balance the purposes and activities of the charity and its areas of service provision against the needs of the individual or individuals making the family maintenance claim.

UCAVT notes that implementing any of these suggestions would require changes to wills and estates laws at a State rather than Commonwealth level.





Submission 3 - That all charities, including churches, ought to have DGR status

As noted above, two of UCAVTs institutions – namely UAW and UVT – have DGR status but UCAVT does not. This means that when persons seek to make donations relating to the Uniting Church in Australia, they usually make these to UAW or UVT rather than UCAVT so that their donation is deductible.

UCAVT believes that granting DGR status to all charities – which would then include churches and UCAVT – would have a number of benefits:

- * UCA would receive more financial support from members and the community generally as donors are more likely to make tax-deductible donations. These donations would allow churches, including UCAVT, to expand charitable activities and provide greater support to those in need, to their members and thus their communities.

- * granting DGR status to churches would bring them in line with other charitable organisations that are already eligible for DGR status. As articulated above, churches play an important role in providing a wide range of community services, counselling and support for those in need as well as creating cohesive groups within the community.

While a church may have a primary purpose of advancing religion some of the outcomes of a church's activities e.g. promoting social cohesion, advocating for social reform and provision of counselling are the same as many other charities and it seems unjustifiable to deny them the same tax benefits that are afforded to other organisations that provide similar services or achieve similar outcomes.

- * Philanthropy Australia has argued that granting DGR status to all charities would simplify the tax system and reduce compliance costs for both charities and the Australian Taxation Office. It would remove the need for charities to apply for DGR status (which can be a complex process) and provide greater clarity around the tax treatment of any donation. It may also result in a streamlining of the many categories of DGR status currently available. UCAVT fully supports this contention.

- * If DGR status was granted to churches including UCAVT then UCAVT would have fewer challenges relating to tracking monies within the Uniting Church in Australia group and nor would it need to create separate missions or trusts if church groups or congregations wanted to engage in charitable works for which DGR status is available.

This is the case with Hotham Mission which is an institution of the UCAVT that does have DGR status. Hotham Mission programmes include asylum seeker care, Food for Thought which provides young people and their families with food and empowering young women through WomEmpower. Hotham Mission's administration and funding must be carefully managed to avoid crossover between UCAVT congregation activities and those of Hotham Mission even though Hotham Mission is under the direction of UCAVT members and closely associated with the UCAVT.





If the PC found that granting DGR status to organisations which only have the advancement of religion as their primary purpose, then UCAVT would suggest that DGR status could still be granted to the purposes and activities that are not solely for the advancement for religion [see Productivity Commission 2010, NFP Sector Tax Concession Working Group 2013] such as the social justice activities and the Moderator's Fund described above.

