

Submission from Korus Connect in Response to Productivity Commission Draft Report: *Future foundations for giving*

Friday 9 February 2024

The Productivity Commission has been tasked by government with analysing motivations for philanthropic giving in Australia and to identify opportunities to grow it further, with the aim of doubling Australian philanthropy.

With this aim in mind, may we suggest that enduring philanthropic giving is primarily an act of generosity, borne out of an attitude of gratitude?

How often have we heard an interview with a philanthropic-focused migrant who says something along the lines of, 'We have received so much from Australia. We want to give back something in return.'?

When it is essentially an act of generosity, the perceived personal benefits (such as those listed on page 5 of 'Future Foundations for Giving, Draft Report') are of lesser importance. When self-interest is the primary motivation, government may need to help people satisfy these personal needs as a pre-requisite to philanthropic activity.

One of the benefits of religious traditions is that they provide individuals and communities with a focus that is external to and bigger than themselves. For many, this external focus and commitment is translated into philanthropy.

The Overview notes that 'Some cultural or religious communities also have philanthropic traditions or practices of giving embedded in their belief systems or ways of life.' (ibid, p 4)

Andrew Leigh (along with his co-author Nick Terrell) in their book: Reconnected. A community builder's handbook, quotes research that found that Australians who attend religious services (presumably as an expression of their religious commitment) are 10% more likely to volunteer in their community as well as give \$700 more a year to charities (\$150 of which is to non-religious charities) than those who do not attend religious services. He notes that this equates to \$300million more in donations (Leigh and Terrell, 2020, p177).

He then draws a correlation between the reducing size of religious communities and its impact on social capital, as well as philanthropic activity in non-religious (secular) organisations (ibid, p 177).

Justice Derrington in his 2019 lecture, 'Faith, Hope and Charity - Religion as a Public Benefit in Modern Australia', argues that the main social benefits of religion relate to social capital, social cohesion, and community health and wellbeing and quotes research to support these assertions (pp 11-13).

However, the changes proposed in the 'Future Foundations for Giving, Draft Report', are based on the assumptions that religion and religious activity do not provide net community wide benefits. On these assumptions, organisations that promote religion as one of their purposes, are to be excluded from DGR status for activities that are primarily for that purpose.

Such assumptions seem to ignore the critical role that religious people and communities played in the establishment of social, economic, civic, health and education organisations throughout Australia (for example the Royal Flying Doctor Service). It also seems to ignore the continuing role that religious people and organisations continue to play, especially in supporting our most vulnerable (for example, St Vincent de Paul, the Salvation Army, and Compassion, to name a few). The proposed decision to exclude DGR from charities that provide religious education in government schools therefore seems to be based more on an ideological position than one based on evidence.

Further, two summary comments from the report seem to be at odds with what has been proposed:

Firstly; *'The proposed reforms set out in this chapter **would not limit** which charities can receive donations, government grants, or other forms of taxpayer support. Rather the reforms seek to delineate the boundaries of which charities receive donations that are tax-deductible.'* (p180) and

Secondly; *'Specifically excluding charities from having DGR status for these activities would refocus the system **toward generating community-wide benefits** and would provide greater simplicity, certainty and consistency for charities, donors and the community over what the DGR system covers.'* (p186)

We ask that further consideration be given to the community-wide impact both now and into the future of the proposed decision to exclude DGR status from religious activities (as well as education activities provided by non-PBI organisations on p39 of the Overview, but not discussed in this submission). Leigh (and Terrell) and many others have noted the positive correlation between religious activity and public benefit.

In closing, we thank you for considering our submission in the context of this very important review you are undertaking.

ENDS