

## **Submission to the consultation on the tax concessions for the not-for-profit sector**

What is good? Australians more than ever struggle to define 'what is the common good' [Guiding principles p6]. This problem underpins the current task undertaken by the working group. This definition to be effective must go beyond what is fashionable, to encompass what is historically proven and has provided the principals that make our western democracy and human rights possible.

The administrative task of delivering these ideals, when identified, has its own challenges. For it is what we do that shows what we truly believe to be good. Fairness, simplicity, efficiency, coherence, and transparency are the mechanisms that help NFP organisations administer good works in a good way.

### Others

What we can say in relation to the support offered to NFP groups, is that for the principles to remain valid as building a 'common' good, they must work together systematically to produce organisations that keep their focus on serving others.

### Freely

Real service of others is not binding on the recipient. Good gifts are given freely. It is within the frame of the working group to support the continued good donations coming into the community to do truly good works.

### Checks and balances

The beauty of democracy is not being right, but in being open and accountable to recourse. All individuals and groups are proven to drift towards self interest and away from 'common' good, including the government. Checks and balances help all groups and individuals to be at their best when the balance is found between overly careless and overly fastidious requirements.

### Bias

Our bias taints the good, and sees it serve 'people like me'. [Do we want the truth or what suits us?] There is Bias for and against 'religion' in the current tax laws. We would ask in this case that the actions of the group be judged on its contribution regardless of the label 'religion'.

### No such thing as neutral

All groups and individuals operate under a world view; that is, 'how we make sense of things'. The government not neutral. Cause and effect demands that every action undertaken has meaning and the collective actions of an individual or organisation displays its real worldview or belief system. All organisations have philosophic underpinnings; i.e. pragmatic, communist, humanist, philanthropic, republican, feudal, etc. many cultures blend elements of these ideals together underneath an overarching philosophy. In recent generations we have seen Australians drop their allegiance to formal systems of thought and belonging such as 'Communist' or 'Catholic', but still a world view must exist as actions exist. The new worldview or philosophy has now only become eclectic. Eclectic views are great in that they are flexible and come up with new ways forward, but are weak in that they are often unconscious and inconsistent. The Australian government likewise does not operate under any one banner [other than Australian], but still a worldview or system of operating exists in government departments. We would challenge the working group to examine the points of reference and the guiding principles [which is in their scope] to ensure the 'religious' world view is

examined by its actions in everyday communities, as sanctioned by formal doctrine and scriptures, as to whether they add value to society.

There is potential for 'Religious' organisations being punished for having a clear and systematic world view in comparison to those with unknown eclectic worldviews and motivation. Again there is no such thing as neutral and all individuals and organisations show their true beliefs by virtue of action that have a cause and effect.

Christian organisations by nature do good

We would argue here, that 'Christian' organisations as a whole have transformed society for the better, when they hold to orthodox theology and scripture. The actions speak for themselves. Christian organisations make mistakes like all organisations, but the overwhelming evidence is that Christian organisations pioneer and protect good community work. Mixed motivations are part of all people and people groups. The central tenant of the Christian gospel though constantly works to call people to good community works. Christians initiated, developed, expanded, and now hold the overwhelming majority of private health and education services in Australia. These services never began with government funding and these organisations are constantly propping up services that now receive funding. This is in order to protect the quality of work produced that it might be worthy of the Christian mission. For example, the Christian organisation I am involved with is funded to care for foster children and receives about 700K per annum. It is topped up by 100k for the above mentioned purpose. To stymie Christian organisations in human service delivery is to hinder good works.

It is an essential part of the Christian mission to holistically educate

Professor Brian Hill describes the heart and practice of this work well when he says,

The facile answer is that it might be seen to provide a back door for covert evangelism. After all, the primary commission given by Christ to the church was to disciple all people groups, baptising them into the Trinitarian community (Mt. 28: 19-20). But his own example of how to do this was a holistic ministry of teaching, healing, and advocacy for the poor. Nor did he confine his compassionate services only to those who were willing to become his followers. That was not his primary motive for responding to their need. He blackmailed no-one.

While there was an aberrant period in recent church history when personal evangelism was (and by some still is) represented as the church's sole business, the more general story has been one in which the church has followed its Lord in pioneering services in such areas as health, education, and economic critique as part of its concern for people in their total life situation<sup>i</sup>.

Religious Education works within schools legislative frameworks

Religious education has long been part of schools. It has been seen to help young people find their place in the world and help them understand others. Religious education is voluntary for schools and individuals. Religious Education works under state and federal legislation that requires approved curriculum and takes out the possibility of inappropriate or covert practices. It is a safe investment for the community to support through tax concessions.

Numbers

117,000 students in over 850 Victorian government primary schools across the length and breadth of Victoria receive Religious education in state schools.<sup>ii</sup> The numbers across Australia are significant. To exclude groups with this large an investment in society from tax concessions cannot be sustained on democratic or ideological grounds.

Validity of teaching content

"When we attempt to keep religion out of education, we narrow our minds and create limits for ourselves. Secular education denies one the ability to answer certain important questions about our

world and about the things which concern us most. While secular education may have some value, it is incomplete and does not satisfy our primary intellectual longings.<sup>iii</sup>

Freedom of religion is not freedom from religion

Again, 'religious' is not a magic word that makes individual practises beyond critique. It is a valid and well developed way that people engage to seek out how life works. Young people need a chance to include these frameworks in their understanding of how life works where local communities are prepared to provide such an opportunity. All involvement is voluntary.

Involvement

The NGO sector nurtures and sustains two fundamental prerequisites for a free society: an engaged and public-spirited citizenry and a rich network of autonomous communities working to advance the public good.

Secular Ethic's

We need to teaching young and old on how to think, as much as what to think. Ethics classes that deem to be 'secular or neutral' are not so, as show above nothing is neutral. All actions come from somewhere, and are inherently and ultimately religious in nature. Stating independent virtues that are not defined or consistent with comprehensive worldviews lead to a fractured and unliveable clashes administered by more and more costly laws and suits. This is exactly what potential tax reforms are aiming to eliminate.

Organisations Multiple purposes

Categories and labels used in systems can mask and hinder good administration as much help them. When individuals group together to get more done, that should enhance possibilities, not restrict them. It is the same with comprehensive world view systems. You cannot cut organisms or organisations in half and expect them to live. We must protect working groups with tax laws, not cut them up so they fit neatly in abstract boxes.

NGO effectiveness and value for money

Instead of applying a standard evaluation checklist to a faith-based organization, evaluation should provide a richness of information about personal change and long-term program impact. Success is then measured in an appropriate context with an appropriate timeframe. Effectiveness is thus measured by the creation of relationships that bring individuals from oppression to freedom, and degeneracy to improvement.<sup>iv</sup>

Increasing community participation

Previous recommendation to simplify the system by taking DGR categories off organisations and to increase funding [in theory] is no good to organisations that receive no funding but that which is generated directly from donors. We want to encourage giving, not squash it. Community participation and donations is the only pure growth area available to the government.

Simplification does not equal cuts to concessions

The increases in tax law and administration costs associated with NGO concessions are huge. They present the greatest area for savings, and are far more within the control of the tax department to do well. The proposed cuts to concessions at the NGO end of the process will have far too big an effect on human services delivery. It is estimated the U.S. government's tax collection costs the economy 65 cents for every dollar in taxes. "This cost includes IRS collection costs, time spent complying with confusing tax laws, and the work of tax attorneys and auditors. The huge tax burden and the complicated tax laws create a disincentive for Americans to work hard and earn money. Every dollar spent by the government costs U.S. citizens far more than they realize."<sup>v</sup> It is easy to

imagine a similar story in Australia. The best bet is to increase community giving! In the sector the government departments are working overtime to outsource as a cheaper option. By taking back concessions to gain control of more interest and money, the tax department would be working in the opposite fashion.

The very limited alternative concession models offered in the discussion paper do nothing new for donors, and penalise exiting NGO workers and employers. The great danger in cutting NGO benefits is that you sacrifice the existing people working for others in favour of a theoretical improvement for unknown particular recipients. Improvements need to be limited to streamlining administration of the current tax laws concerning FBT, DGR processing, and tax credits.

## CONCLUSION

Tax concessions as they currently exist for NGO's support the good work Australians strive to do in their communities, and should continue to do so. The solution is to increase giving from the community in this highly taxed society. We do agree with streamlining administration, but this should not equal a reduction in benefits. We do not think that the government attempting to take further control of where concession funding cuts should go respects what Australians are already saying they want to happen through their contributions of work, time, and money.

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<sup>i</sup> SUQLD website 9/12/12.

<sup>ii</sup> Access Ministries website 12/12/12

<sup>iii</sup> G.K. Chesterton | Published Date: 1925 | Source: Catholic Education Resource Center

<sup>iv</sup> Associate Professor Graham Rossiter <http://203.10.46.30/ren/reflag/iarfchap.html>

<sup>v</sup> Charles W. Colson | Published Date: 4/20/1992 | Source: Breakpoint Radio