

# **AUSTRALIAN COUNCIL FOR THE DEFENCE OF GOVERNMENT SCHOOLS**

## **PRESS RELEASE 523#**

### **Are Churches wealthy enough to pay for their own schools ?**

**24 August 2013**

As taxpayers look askance at wealthy church schools crying poor all the way to the bank and the next playing field, three crucial questions should be asked:

1. How much capital and income do individual churches enjoy, and how much of their wealth passes under the radar because it is not taxed.
2. Why is the Catholic and other religious groups demanding billions of State Aid without any accountability or provision of data concerning their private assets and income?
3. What exactly is the wealth enjoyed by the major religious groups in Australia and why is this information not readily available on the Charities Commission website?
4. Given the considerable wealth of the individual religious groups, why are they not expected to pay for their own institutions, most particularly their educational institutions?

Yet even the paper tiger known as the Charities Commission is under threat. We are told that *Business* will be invited to take a bigger role in the management of the \$140 billion welfare system under a planned Coalition overhaul of the way charities and other non-profit agencies are regulated. And the Tony Abbott Coalition is threatening to abolish Labor's Australian Charities and Not-for-Profits Commission (ACNC) because there had been no evidence of 'mischief' in the sector to justify the bureaucracy or its 'sweeping powers' which include revoking a charity's registration! (*Australian Financial Review 23.08.13*)

Secularists in Australia are busily researching the wealth of religious institutions in Australia. But it is harder to establish the facts in Australia than it is in other countries such as the UK and New Zealand.

For your information we reproduce an article written by Max Wallace and Robert Nola and reproduced in the New Zealand Herald

**Churches as tax havens**

Many were dismayed when the Auckland City Council voted, 10 to 6, to give the Anglican Cathedral in Parnell a donation of \$3 million for further development. Does the Anglican Church also need public money to re-build the Christchurch Cathedral? Charities expert, Dr Michael Gousmett, has alleged that Church Properties Trustees, the owner of the Cathedral, have assets of \$180 million with another \$40M to come from insurance and other income ('Please give carefully', Herald, 29 June).

So, just how wealthy are New Zealand churches? Members of the New Zealand Association of Rationalists and Humanists have investigated the information available on the data bases of the Charities Commission Register available on-line to discover the wealth of religious organisations in New Zealand.

Our best attempt to analyse the Commission's complex data finds that something in the region of four thousand registered religious charities hold \$7.3B in equity with \$1.4B in liabilities. When we include entities that have religion as a secondary purpose, we estimate the figures climb to over 6,500 registered religious charities with \$11B in assets and \$2.1B in liabilities.

As might be expected, we found the Catholic and Anglican churches are the wealthiest in New Zealand with total assets running into billions. By any measure, churches are seriously rich.

As well as being wealthy, they pay few taxes. According to the Charities Act 5(i), charitable purposes include 'the advancement of religion'. This charitable activity obtains its funds from tax-exempt passive investments, pre-tax income of individual donors, and some active commercial interests, such as the Seventh Day Adventists' Sanitarium.

Some church members might wish churches to have "ethical" investments such as not holding shares in tobacco or munitions factories. But this fails to touch the privilege of their tax exemptions. As the data indicates, churches have become corporate on-shore tax havens which are subsidised by taxpayers so that the religious can pursue their penchant for the supernatural.

The question that arises is whether, in 2013, the tax-exempt status of religion, as distinct from their welfare activities, can be justified. Of course we do not deny that truly charitable works should be tax-exempt but we question the legitimacy of 'the advancement of religion' as a form of charity in itself.

It raises an ethical dilemma for churches with which they need to wrestle: (1) material wealth is transient and spiritual wealth is the main purpose of a religious life; (2) their God (in part through the workings of the state) provides the wealth of the world for them to enjoy.

Most churches frequently mention their heartfelt commitment to relieving poverty. But clearly churches have significant assets which increase in value over time. Much of this could well be put to the serious relief of poverty, which, we might have thought, would be the *giving away* of material wealth in order to better realise their true spirituality.

New Zealand is becoming an increasingly secularized country. At the last census a declining half the population said they were Christian but a rising third said they had no religion. We suspect that when the results of the next census are published at the end of the year these two figures will be

approaching one another. If trends continue, citizens who tick the 'no religion' box in the census will become the majority.

As we note above, the question is why 'the advancement of religion' is regarded as charitable at all. The idea of religion as charity is an old one having its origins in *The Statute of Charitable Uses* of 1601 introduced in the reign of Elizabeth I.

Recently, New Zealand courts have looked at this question. In the 1985 case *Centrepoin Community Trust v Commissioner of Inland Revenue* the Court questioned the 'social utility' of the charitable status of religion on the grounds that religion was personal and asked 'why should some members of the community bear a heavier burden of taxation merely because the beliefs of others entitle their organisations to exemptions from taxation?' In the 2005 case *Hester v Commissioner of Inland Revenue* the Court raised similar concerns.

In our view, the Courts' concerns are well made; it is time that this ancient exemption for churches and from taxation was reformed by removing 'the advancement of religion' from the Charities Act. Other forms of personal belief supported by common law rather than statute should also be reviewed.

\*Max Wallace and Robert Nola are members of the New Zealand Association of Rationalists and Humanists.

\*But apart from a long list of charitable purposes, which included churches, no attempt was made to define what these might be. Subsequent statutes have attempted to remedy this but not successfully.

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