

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

Press Release 1054

***Government still “considering” recommendations
regarding charities sector, says Treasurer***

Private religious schools in Australia are considered ‘charities’ in Australia. This means that, although they receive billions of dollars in taxpayer funding, they are exempt from paying taxation. Even the parents who pay fees can obtain deductions for both these and donations to building funds. The Tax Office lists these taxes foregone under the term ‘taxation expenditures’. These amount to many more billions of dollars.

These taxation ‘arrangements’ explain the very obvious inequalities between the private and public sector in relation to their income, expenditure, and resources.

The recent Australian Productivity Commission's is not impressed with the current situation regarding these and other ‘religious charities’. Their key recommendations on religious charities include

1. removing the concept of "basic religious charities" to apply consistent regulations to all charities,
2. simplifying and harmonizing state and territory charity laws, and
3. enhancing the effectiveness of ancillary funds.
4. The commission also suggested increasing public information about charities and giving, which includes requiring public companies to report on their donations and enhancing the ACNC's public data on charities.

But the Commonwealth Government is dragging its feet.

[According to Si Gladman from the ‘Rationalist’](#)

The Albanese government says it “continues to consider” the recommendations of an independent research and advisory body regarding

reforms to the charities sector, including to religious charities, almost a year and a half since receiving them.

In a response to questions in the Senate on why the government was taking so long to respond to the Productivity Commission's recommendations – which included a call to remove 'Basic Religious Charities' (BRCs) – Treasurer Jim Chalmers said that the government had announced it would implement two key recommendations.

However, neither of these changes relate to recommended reforms of religious charities that the Productivity Commission argued would "enhance regulatory consistency and public transparency".

In early September, Senator David Shoebridge [submitted a question on notice](#) asking the government about when it would provide a response to the Productivity Commission's [Future foundations for giving](#) report and why it was taking so long.

The Productivity Commission handed its report to the government on 10 May 2024, and the report was later released to the public on 18 July 2024.

In response to the question on notice, Mr Chalmers said:

"The government announced in the 2024-25 MYEFO that it would implement from the Productivity Commission's final inquiry report Future foundations for giving (the report)," he said.

"The government continues to consider its response to the report's other recommendations."

The reforms that the government has agreed to make relate to: removing the condition that a gift to a deductible gift recipient be valued at \$2 or more before the donor may claim a tax deduction; and aligning and increasing the minimum annual distribution rate for public and private ancillary funds.

Upon the release of the report last year, the assistant minister and the responsible person for charities, Andrew Leigh, swiftly rejected the recommendation that Deductible Gift Recipient (DGR) status be removed for school building funds, despite the report showing such funds overwhelmingly benefited the wealthiest private schools.

In recommending removal of the BRC category from the Australian Charities and Not-for-profits Commission (ACNC) Act 2012, the Productivity Commission said it “could not identify a policy rationale that justifies retaining” BRCs. BRCs – organisations with charity status for ‘advancing religion’ – enjoy exemptions to the governance standards and financial reporting requirements that apply to other charities, including religious organisations that do not have BRC status.

It also recommended the removal of DGR status for religious education activities in government schools and all activities for the purpose of ‘advancing religion’.

In two submissions to the Productivity Commission’s inquiry – [in mid 2023](#) and [in early 2024](#) – the RSA said the exemptions enjoyed by BRCs undermined the integrity of the charities system and public trust.

The [RSA has since directly urged Dr Leigh](#) to support the Productivity Commission’s recommendation on BRCs.

[Religious lobbyists responded angrily](#) to the Productivity Commission’s recommendations, describing the commission as having “a clear anti-religion agenda” and as having mounted a “direct attack” on faith communities.

In August last year, the RSA reported that religious lobbyists were [demanding the Albanese government continue to recognise](#) faith-based charities as “special” and give them “due respect”.

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