

Submission to the Senate Committee Inquiring into Disclosure Regimes for Charities and Non-Profit Organisations

Definitions of the word charity

I culled some definitions from the World Wide Web

- a foundation created to promote the public good (not for assistance to any particular individuals)
- an activity or gift that benefits the public at large
- an institution set up to provide help to the needy
- The providing of goods or money to those in need; the goods or money given to those in need.
- An organization the objects of which are to carry on a charitable purpose.

It seems that some deductible gift recipients are not charities; for example the Olympics movement and universities. According to a list available at

[http://www.abr.business.gov.au/\(fdqhm45fsur0m4542ff3t45\)/content.aspx?page=dgrListing](http://www.abr.business.gov.au/(fdqhm45fsur0m4542ff3t45)/content.aspx?page=dgrListing),

Australia has 15847 Deductible Gift Recipients (DGRs) including about 1014 rural fire boards!

My strong feeling is that neither non-profit organisations and charities nor the people or organisations who donate to them should enjoy tax concessions.

Reasons

1. If people or organisations wish to donate to a charity they should bear the whole cost of that donation. The Good Old Aussie Taxpayer (GOAT) should not subsidise or be an unwitting participant in their decisions.
2. Some DGRs operate on principles that are contrary to all recent Australian governments' policies. It is unfair to pick out just one institution (the Catholic Church), but I *suspect* that administration of the charities it runs is dominated by males and that the dominant culture reflects the Catholic Church's predominantly authoritarian and hierarchical structures and styles rather than (say) community participation. The Australian taxpayer, by subsidising charitable donations, should not indirectly support generally undesirable practices such as gender discrimination.
3. It is of course possible to make out a case for the government, by making donations to charities tax deductible, supporting charities. I think it is more difficult to make out such a case for non-charitable organisations such as universities and sports groups (I confess to being informed, perhaps inflamed, by governments supporting physical sports but not mind games such as bridge, chess, and scrabble).
4. Bodies such as the Salvation Army unquestionably merit government support. A disadvantage of making donations tax deductible is that the amount of support is not visible. The government should support meritorious charities by direct, visible, publicly scrutinisable, grants for their charitable activities.
5. Charities' employees are entitled to fringe benefits unavailable to most employees. It is iniquitous for two people doing the same work for the same remuneration, to be taxed differently.
6. I am unenthused by public companies making large donations to e.g. the Olympic movement. My neo-conservative view is that companies should maximise their shareholders' dividends and let shareholders decide whether to make charitable donations. Twenty years ago, transaction costs would have been material (the cost of writing and posting a cheque). Now, techniques such as Bpay and Paypal have drastically reduced transaction costs.

7. There are a large number of charities and a large number of donators. I guess that donations create a disproportionate amount of clerical work for taxpayers and the Australian Tax Office.
8. I know that there are other issues such as charities' businesses competing with non-charitable businesses and that charities face less stringent reporting requirements but I am sure that these issues will be addressed by people and organisations more expert than me.

Yours sincerely,

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