

# Submission

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**Subject** Fairer, simpler and more effective tax concessions for the not-for-profit sector  
Discussion Paper -- November 2012

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## 1 Introduction

- (a) Thank you for the opportunity to respond to the Not-for-profit Sector Tax Concession Working Group (**Working Group**) discussion paper entitled 'Fairer, simpler and more effective tax concessions for the not-for-profit sector' dated November 2012 (**Discussion Paper**).
- (b) We appreciate the time and effort that has gone into preparing the Discussion Paper and the opportunity to engage in the reform process by responding to the consultation and outlining how the potential reform options may impact our organisation and others operating in the charities and NFP sector.
- (c) We support the guiding principles for the review, which highlight the need to maximise the social good, achieve maximum social benefit, and provide a supportive environment in which the community can support the NFP Sector.

- (d) In our view, the optimum way to achieve these ends, for the benefit of charities (including faith-based charities) and ultimately for the benefit of those that the charities support, is to:
  - (i) maximise the attractiveness for potential donors to contribute to charities and to serve within them as volunteers;
  - (ii) optimise the amount of time and resources the charity can expend in meeting their charitable mission; and
  - (iii) minimise the resources spent on professional advice, such as from accountants and lawyers, and the time and costs of charity management in complying with regulations.
- (e) We agree that some regulation is necessary to ensure that funds received by charities are used for their declared charitable purposes, and applaud the expressed intent of the Working Group to propose reforms intended to accomplish that necessary oversight in a manner that is supportive of the work of the sector.
- (f) In this submission, we express our recommendations as to how the laudable principles of “fairness, simplicity and effectiveness” can best be achieved in our responses to the specific consultation questions proposed in the Discussion Paper on which we have a view.
- (g) Attached to this submission is a Position Paper prepared by the Church of Jesus Christ of Latter-Day Saints entitled ‘The Taxation Treatment of Donations to Charities, Including Religious Institutions’ and dated 2 October 2012 (**Position Paper**). We will make reference to this Position Paper in our submission.

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## 2 Who we are

Members of The Church of Jesus Christ of Latter-day Saints (LDS, or sometimes referred to as “Mormons”) have been in Australia since 1840. The Church is one of the fastest growing in Australia with 132,000 members. Worldwide membership exceeds 14 million.

The members of the Church in Australia are organized into 33 stakes (similar to a diocese) and 300 congregations. There are also five LDS temples in the country.

The Church is a Christian faith, wholly committing to the traditional view of Jesus Christ as the son of God and the redeemer of mankind through his great atonement and resurrection.

Some of the characteristics for which the LDS Church is known are:

- A strong focus on protecting and strengthening the family
- Unpaid clergy
- A world-wide humanitarian effort that has distributed over \$2 billion in developmental assistance and disaster relief since 1986
- A code of health that counsels against the use of tobacco, alcohol, dangerous drugs, tea, and coffee
- A world-wide voluntary missionary force that is 60,000 strong, and is comprised mainly of young men and women between the ages of 18 and 22. Seven hundred missionaries from approximately 30 countries serve in Australia and approximately 100 from Australia serve in other countries of the world.

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### **3 Consultation questions**

#### **3.1 Question 1: What criteria should be used to determine whether an entity is entitled to an income tax exemption?**

- (a) In formulating the appropriate criteria for determining whether an entity should be entitled to income tax exemption, it is most appropriate to consider separately charities and other NFPs. By their very nature, there is a marked difference between these types of entities, and it is not possible for a single set of criteria to be applied to both categories of entity.
- (b) In the case of charities, charitable institutions registered with the Australian Charities and Not-for-profits Commission (**ACNC**) should, by virtue of that registration, be recognised as income tax exempt.
- (c) In the case of other NFPs, a reasonable set of criteria should be developed to determine income tax exemption based on the social good being supported by them, taking into account:

- (i) how the principle of mutuality can apply to entities that are NFP (and in this regard we note the statutory extension of this principle to NFPs in section 59-35 of the *Income Tax Assessment Act 1997* (Cth));
- (ii) the need to apply a rational approach to categories of income tax exemption, rather than the current (rather ad hoc) approach that has arisen due to gradual expansion over many years.

**3.2 Question 4: Does the tax system create particular impediments for large or complex NFP's?**

- (a) Yes. The current structure of tax concessions provided to charities and NFPs means that organisations need to structure their affairs in a more complex way than would otherwise be necessary in order to comply with the necessary steps and categories of the tax laws. Not only are concessions not applied simply across the board, but additional requirements imposed by the Australian Taxation Office (**ATO**) such as the public fund rules and gift account requirements, add complexity. In our view, simpler, broader definitions and uniformly applied concessions would reduce the need for compartmentalising of activities within organisations, thereby reducing the costs that are currently incurred in creating and maintaining these arrangements.
- (b) Funds saved by reducing these administrative complexities will be available to be applied in carrying out the missions of the organisations.

**3.3 Question 7: Should the ATO endorsement framework be extended to include NFP entities other than charities seeking tax exemption?**

- (a) It would be fairer if all NFPs were required to be endorsed before they can access tax concessions. As the law currently stands, charities with clearly stated purposes for the public benefit are subject to greater hurdles to obtain concessions than other types of NFPs.
- (b) Following the commencement of the ACNC, charities are now required to be registered with the ACNC as a charity and then endorsed by the ATO if they meet the special conditions for income tax exemption. By contrast, many other types of entities (including trade unions, which are not even required to be NFPs, and industry development institutions) are able to self assess their income tax exemption status. This can lead to a significant disparity in administration costs.

- (c) In our view, registration with the ACNC as a charity should be taken as determining the charity's income tax exemption status and no further special conditions should apply. Similarly, once the remit of the ACNC is broadened to include all NFPs as is intended, registration should be required in order for all entities to claim income tax exemption.

**3.4 Question 11: Should all charities be DGRs? Should some entities that are charities (for example, those for the advancement of religion, charitable child care services, and primary and secondary education) be excluded?**

- (a) In our view, any entity that is qualified and registered as a charity by the ACNC as described in Section 25-5 of the ACNC Bill should receive DGR endorsement. This is discussed further in item 1.3 in our Position Paper. Our reasons for this are as follows:
  - (i) Endorsement of all charities as DGRs would help in a very significant way to satisfy the goal of greater **simplification** with attendant cost savings both in the sector and within government. (See Item 1.6 of the Position Paper).
  - (ii) The present complex DGR regime imposes substantial costs associated with creating and maintaining charitable trusts and complying with the associated regulations and ATO imposed requirements. This is particularly the case for charities for the advancement of religion like ourselves. At the same time, the ACNC reporting requirements demand more detailed reporting for each of these entities than is currently required.
  - (iii) In the absence of a regime which recognises registration with the ACNC as a presumption of eligibility for donor deductibility, and even if the "report once, use often" goal of the ACNC is achieved, charities will still face a two-step process to provide deductibility to their donors – first satisfying the ACNC of eligibility for registration as a charity and second meeting the complex requirements for DGR status for particular aspects of their activities.
- (b) This simplification is particularly important to small and medium-sized registered entities. Large charitable organisations are able more readily able to obtain accounting and legal assistance in structuring their entities to fit within the complex array of DGR categories and to meet the bookkeeping and financial reporting for each of them as separate entities. In contrast, many small and medium sized charities do not have the resources or expertise to do so, in addition to adjusting to the new demands of ACNC registration and reporting. Some may simply choose not to register with the ACNC and

thus forego the incentive of donor deductibility and income tax exemption with the consequence of reduced ability to provide services. This diminution of service has a detrimental effect on those who are served, and many of the services directly relieve government of a burden to provide.

- (c) Most of the large democratic developed countries in the world recognise the contributions of religious bodies to the well-being of society (see item 2.1 of the Position Paper) by granting exemption from income taxation. In addition, recognizing donor support as critical to maintaining and strengthening the capabilities of these entities, at least a dozen of these countries encourage voluntary support of religious entities by granting tax deductibility for donations to the donors (see following table).

COUNTRY	TAX CONCESSION	LEGAL REFERENCE AND WEB SITE
Denmark	Donors may deduct donations by signing an agreement specifying the amount of the contribution over 10 years	Article 8A, Denmark Tax Assessment Act, available at <a href="http://www.retsinformation.dk">http://www.retsinformation.dk</a>
France	Donors may deduct donations to churches that have a tax-free entity status	Article 200 of le Code General des Impots, available at <a href="http://legifrance.gouv.fr">http://legifrance.gouv.fr</a>
Germany	Tax deductibility of up to 20% of the total income of the donor	German Income Tax Code, Section 10(b), available at <a href="http://bundersrecht.juris.de/estg/">http://bundersrecht.juris.de/estg/</a>
Hungary	Donors can receive approximately 200 EUR back based on their donations	Section 41, Act CXVII of 1995, available at <a href="http://www.ecovis.hu">http://www.ecovis.hu</a>
Ireland	The tax refund representing the taxes paid by the donor on the donated money is received by the church	Taxes Consolidation Act of 1997, Section 848, available at <a href="http://www.irishstatutebook.ie/1997/">http://www.irishstatutebook.ie/1997/</a>
Netherlands	Specified donations are considered a membership fee and are thereby deductible.	Article 6.32-6.39, Income Tax Act 2001, available at <a href="http://wetten.overheid.nl/BWBR0011353">http://wetten.overheid.nl/BWBR0011353</a>
Norway	Minimum donation to be eligible for deductibility is NOK 500, Maximum is NOK 12,000.	Norway's Law on Taxation of Wealth and Income, section 6-50, available at <a href="http://www.lovdato.no/all/">http://www.lovdato.no/all/</a>
Poland	Donations for religious, educational, or welfare purposes deductible up to 10% of donor's income.	Article 26,9(b) of the Law on Personal Income Tax, available at <a href="http://www.legislationline.org/documents/">http://www.legislationline.org/documents/</a>

Portugal	Donations are acceptable (deductible) for tax purposes. Donors must submit an application each year in order to qualify.	Donation Statute, available at <a href="http://www.idesporto.pt/DATA/DOCS/">http://www.idesporto.pt/DATA/DOCS/</a>
United Kingdom	When a person makes a donation to a qualified charity in the UK, the government refunds to that charity, under the "gift aid scheme" essentially the amount of tax attributable to that donation as if it had been income to the donor. The precise amount of the refund depends generally on the tax bracket of the donor, but is approximately 20% of the donation.	Income Tax Act 2007, Pt 8, Chapter 2, section 413 et seq., available at <a href="http://www.opsi.gov.uk/acts/2007/ukpga">http://www.opsi.gov.uk/acts/2007/ukpga</a>
New Zealand	<p>Individuals can claim each year a refundable tax credit equal to 1/3 of the amount of their donations (up to the amount of their taxable income for the year) made to "donee organisations" during the year. (The benefit of the credit is attained immediately if donations are made under "payroll giving" arrangements.)</p> <p>Companies and other corporate bodies can claim each year a tax deduction for the amount of their donations (up to the amount of their net income for the year, calculated without the deduction) made to "donee organisations" during the year.</p> <p>"Donee organisations" include charities and other public benefit entities.</p>	Income Tax Act 2007, subpart LD and sections DB 41 and DV 12 - available at <a href="http://www.legislation.govt.nz">http://www.legislation.govt.nz</a>
United States	Under federal law, individuals may deduct up to 50% of their adjusted gross income for cash and in-kind contributions to government entities and to not-for-profit organisations formed for charitable, religious, educational, scientific or literary purposes. Corporations may deduct up to 10% of their otherwise taxable income for such contributions.	Internal Revenue Code of 1966 (Title 26, United States Code), Section 170, available at <a href="http://www.irs.gov/Tax-Professionals/Tax-Code,-Regulations-and-Official-Guidance">http://www.irs.gov/Tax-Professionals/Tax-Code,-Regulations-and-Official-Guidance</a> . See also <a href="http://www.irs.gov/publications/p526/index.html">http://www.irs.gov/publications/p526/index.html</a>

	<p>Excess contributions by individuals or corporations may be carried forward and deducted for up to five years.</p> <p>Deductions or credits for charitable contributions are also allowed in every state that imposes an income tax.</p>	
Canada	<p>A credit (at rates that vary by province) is allowed for donations to registered charities (<i>i.e.</i>, organisations formed for the relief of poverty, the advancement of education, the advancement of religion, or other purposes that benefit the community in a way the courts have said are charitable) up to 75% of the donor's net income. Excess contributions may be carried forward for up to five years.</p>	<p>Canada Income Tax Act, Section 118.1. See <a href="http://www.cra-arc.gc.ca/chrts-gvng/dnrs/menu-eng.html">http://www.cra-arc.gc.ca/chrts-gvng/dnrs/menu-eng.html</a>,</p>

- (d) It is our conviction that Australia and Australians will be better served by adopting the simple and straightforward approach of allowing to donors tax deductibility for donations made to faith-based organisations (see items 1.3 to 1.7 of the Position Paper). In support of this view, we note recent research conducted by Dr Ram Cnaan PhD of the University of Pennsylvania in Philadelphia with the aim of quantifying the benefits of organised religious bodies and the services they provide on the economic well-being of the urban communities in which they are located. Of the 49 variables studied by Dr Cnaan and his team, 21 document services that relieve government of burden. Isolating these variables, his research shows a per-congregation annual relief of government of approximately \$1,635,000.
- (e) Even if Dr Cnaan's estimate is off by a factor of 10, **which we believe is far too conservative**, and his methodology is applied to the approximately 20,000 religious congregations in Australia, it yields a total annual relief of government burden by religious entities of \$3,270,960,000.
- (f) We assert that religious entities, in addition to providing relief to government in relation to social service delivery, provide important encouragement in maintaining intact



families and a stable productive community, all of which provide benefit to society (see items 2.2 and 2.4 of the Position Paper).

- (g) Churches are major contributors to keeping families together as a social unit. This was highlighted in the House of Representatives Standing Committee on Legal and Constitutional Affairs Report in relation to its 1998 Inquiry '*To have and to hold: Strategies to strengthen marriage and relationships*'. When churches encourage intact families, major benefits to society in quantitative and qualitative ways accrue. Kevin Andrews, in the summary of his book, *maybe I do*, states: "The tragedy of the retreat from marriage is not the billions of dollars it costs each year; it is the personal and emotional trauma which research increasingly indicates affects many children, even into adulthood; and the consequent diminution of health, educational opportunities, and well-being." (at page 354)<sup>1</sup>.
- (h) In their book analysing the most recent Pew Study on religion in America, Campbell and Putnam conclude with the finding that Church attendance is the most powerful predictor of happier and more neighbourly people. While noting there is no way to prove causation, the findings of the Pew Study demonstrated a "robust correlation between religion and good neighbourliness." Further the new studies loosely called "happiness studies" found that religious people are happier, and the happiest are those who attend Church and interact with fellow Church goers.<sup>2</sup> Though the authors do not draw this conclusion, it is, we submit, a small step to surmise that happier people will have less depression, less rage leading to crime, and fewer addictions needing rehabilitation.
- (i) On a more global scale, Brian J. Grim and Roger Finke document how countries that have the greatest support for religious freedom of all religions have the most peace. Religious freedom limited or denied leads to violence and persecution.<sup>3</sup> "Focusing on cultural divides between nations, the argument seems to offer plausible explanations for violent religious persecution or conflict in general. For example, over the past few decades many of the regions facing the highest levels of internal conflict centred on religious conflict (e.g., Sudan, former Yugoslavia, Israel, and India) hold civilization fault lines within their borders."<sup>4</sup>

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<sup>1</sup> *Maybe 'I do' Modern marriage & the pursuit of happiness* Kevin Andrews, Freedom Publishing, 2012.

<sup>2</sup> *American Grace How religion Divides and Unites Us*, Putnam, Robert D., Campbell, David E. (2012)

<sup>3</sup> *The Price of Freedom Denied* Grim, Brian J., Finke, Roger (2011)

<sup>4</sup> *Ibid* at page 64.

**3.5 Question 30: Should there be a two-tiered approach in relation to eligibility? For example, should all tax exempt entities be eligible for the rebate, but a more limited group be eligible for the exemption?**

- (a) In our view, having a single level of FBT benefit would simplify the administration of such benefits to the charities that supply benefits, the outsourcing companies that often handle the administration, and the ATO who review returns.
- (b) Consequently, this measure supports the aims of simplifying the tax concessions provided to charities.

**3.6 Questions 31 and 32: Should salary sacrificed meal entertainment and entertainment facility leasing benefits be brought within the existing caps on FBT concessions? Should the caps for FBT concessions be increased if meal entertainment and entertainment facility leasing benefits are brought within the caps? Should there be a separate cap for meal entertainment and entertainment facility leasing benefits? If so, what would be an appropriate amount for such a cap?**

- (a) In the interest of simplification, all FBT items should be included in the cap and the cap adjusted to take account of this.
- (b) The adjustment to the cap will need to take account of the real impact of this change on employers and employees, including the impact of changes from non-reportable to reportable fringe benefits, and the increased salaries that employers may have to offer to attract employees as a consequence of this change.

THE CHURCH OF  
JESUS CHRIST  
OF LATTER-DAY SAINTS

AUSTRALIAN CHARITIES AND NOT-FOR-PROFIT COMMISSION

# Position Paper

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The Taxation Treatment of Donations to Charities,  
Including Religious Institutions

2<sup>nd</sup> October, 2012  
FINAL

**SUBMITTING ORGANISATION**

The Church of Jesus Christ of Latter-day Saints  
*(the Mormons)*

**SUBMITTER REPRESENTATIVE**

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## EXECUTIVE SUMMARY

It is the position of *The Church of Jesus Christ of Latter-day Saints* (nicknamed the Mormons) that it is both wise and beneficial for Australia and its citizens to encourage private non-governmental funding of charities, including religious organisations. With the introduction of the Australian Charities and Not-for-Profit Commission (ACNC), we believe there is a significant opportunity for government to encourage greater community participation in the not-for-profit sector and, as a direct consequence, reduce burden on government entities and the federal budget. Existing support programs for the destitute should be complemented by a considerably enhanced program aimed at preventing families and individuals drifting into disadvantage.

To achieve this, we propose the introduction of a comprehensive income tax deduction regime for individual donations to all designated charitable entities (inclusive of faith-based organisations), and so provide tax relief to the donors to these institutions.

At present, donors to charities and religious organisations receive limited tax concessions, including those for gifts to schools-based entities or where the church's services directly assist the needy. It is our view that *all of the efforts* of designated charities and religious institutions, whether providing assistance to the needy or helping people to avoid becoming reliant on welfare support, contribute to greater community equity and self-reliance of families and individuals. Religious organisations, in particular, hold that their day-to-day work helps people develop the necessary internal strengths and moral fortitude to become net contributors to society rather than net recipients of its assistance. As people are attracted to religious experience, they are taught principles which renew their commitment to good values and lives of sobriety and moderation, where once these might have been lost through profligate and reckless living. These outcomes are part of the 'social return on investment' to which all faiths contribute — through their internal and external programs — thus reducing burden on government.

To encourage the activities of these institutions, we suggest that the designation by the ACNC of an organisation as a charity should automatically result in donors to that organisation receiving a tax deduction for their contributions. Such a legal reform would act to simplify the present Deductible Gift Recipient (DGR) regime by expanding the approved categories to include all classifications of charity as defined in the new ACNC enabling legislation presently before parliament. Effectively, this would enable deductibility of donations to include those for the so-called third head of charity, viz. "advancement of religion".

Simplifying and reducing the complexity of the DGR regime may require some modification in the role of the Australian Taxation Office (ATO). While the ATO will presumably always manage revenue collection in Australia, it will be important that the ACNC is not simply another layer of bureaucracy, adding to administrative burden rather than augmenting the capacity of the charitable sector to perform its critical roles. Hence, the ability of the ACNC to determine the charitable status of institutions *and* thereby the tax deductibility of contributions to these institutions would be a significant means of reducing managerial complexities.

We note that a number of other countries have tax relief regimes for donations to eligible organisations, including faith-based bodies. These include New Zealand, Canada, the UK and the USA. In New Zealand, as part of the trade-off for the establishment of their own Charities Commission, the then Labour Government under Helen Clarke established a tax credit regime which applies to donations to a designated charity of up to 100% of an individual's salary. We believe a similar regime should be established in Australia.

It is our view that any impact on the federal budget of donors receiving a tax deduction that is not presently available would be entirely off-set by reduced financial burden on government. Charities, including religious organisations, undertake substantial work that already reduces government expenditure. Through *increased* donations – resulting from government encouraging a more substantial “giving” culture than now exists in Australia – charities will be able to do significantly more than at present in supporting social inclusion and community cohesion.

Finally, we do not intend to suggest that religious organisations, or charities closely aligned to religious bodies, are alone capable of providing the ‘social return on investment’ described above. Non-religious entities are also capable of providing community assistance that can benefit society. For example, the government welfare sector, including agencies such as Centrelink, has for many decades provided succor to the needy with considerable success. This document explains the differences between what religious organisations uniquely can offer society and the contributions of non-religious agencies.

If the recommendations contained herein are adopted, we believe there will be a substantial synergistic impact on social equity and community cohesion as the government works in partnership with what will be an enhanced charitable sector.

## **1. Tax relief for donors to charities and religious organisations**

*(NOTE: For the purpose of clarity, we have chosen to refer to charities and religious institutions separately within this document. However, we recognise that religious advancement is one of the categories or 'heads of charity' under Australian law.)*

Australia is justifiably proud of the governmental and private efforts made to provide for the needs of its citizens who are unable, in whole or in part, to care for themselves, whether their needs be physical, mental or emotional. *The Church of Jesus Christ of Latter-day Saints* (nicknamed the Mormons) believes, however, that Australia can and should be much more committed to encouraging private philanthropy to create an environment where support for the destitute is complemented by a considerably enhanced program aimed at preventing families and individuals drifting into disadvantage.

The legislation establishing the Australian Charities and Not-for-Profit Commission (ACNC) can take an important step in this direction by potentially providing for a simplified regulatory environment overseen by a commission that is committed to encouraging and supporting philanthropic entities. These entities should include those working at the coalface of welfare support for the impoverished, as well as those helping families and individuals remain independent of government assistance.

### **1.1 Why the ACNC?**

The taxation of one major class of not-for-profit organisations has been the subject of considerable debate in recent times and has been one of the driving forces behind the creation of the ACNC. This refers to corporations that are owned by charitable and religious organisations that are involved in unrelated commercial activities and which will begin to be taxed under new federal legislation to be released later in 2012. This legislative reform will ensure that commercial organisations are not benefited to the detriment of their competitors because their association with a religious entity means they do not have to pay income tax. The Church supports this approach and the transparency that can derive from the introduction of the ACNC.

### **1.2 The transparency trade-off**

However, in the drive for transparency and regulatory consistency across jurisdictions, much care will need to be exercised by legislators to not increase the administrative burden on charities so that the limited funds they receive are not diverted away from their principal purposes and into bookkeeping. Similarly, a major emphasis of legislation should be to implement methods by which contributions from individuals to charities can be enhanced and increased. This, ultimately, will benefit those in need but also will be a means of relieving the temptation to charitable and religious entities of being drawn into unproductive or inappropriate commercial activities to increase their funding base.

We can describe this as a trade-off. Government will ensure greater transparency of the charitable/religious sector through the establishment of the ACNC. At the same time, government will improve the capability of the sector to do its legitimate and important work by enhancing financial contributions to charities and religious groups from non-government sources.



### 1.3 A tax deductibility regime for charitable and religious contributions

One significant method of promoting increased private support for charities is to introduce a tax deduction regime that is considerably broader than that which presently applies under the existing Deductible Gift Recipient (DGR) regime administered by the Australian Taxation Office (ATO). In particular, such an approach to charitable giving should ensure that *all* organisations that are classified as charities – community, educational *and* religious – benefit from a greatly expanded donor tax deduction regime.

***Therefore, we propose the introduction of a comprehensive income tax deduction regime for individual donations to all designated charitable entities (inclusive of faith-based organisations), and so provide tax relief to the donors to these institutions.***

We believe that the three principal forms of charity under Lord Edward Macnaghten’s so-called “Heads of Charity” – *the relief of poverty, the advancement of education and the advancement of religion* – should each qualify for donor tax deductibility rather than the prescribed and constrained deductibility regime presently in operation under Australian tax law. While tax law has recognised the first two as largely warranting tax deductibility for individual donations, tax concessions for donations for most religious endeavours have not been approved by successive governments. As long as a religious organisation is not conducting commercial activities under the guise of religious advancement, we believe that *all* religious pursuits should qualify for inclusion in a donor tax relief regime. As we will go on to describe in section (2), a number of international governments have long acknowledged that institutional religious activity, *not just that which is directed at assisting the needy*, reduces the burden on government.

We note differing views on the fourth head of charity – *other purposes beneficial to the community* – and do not offer a position on whether such “other purposes” should be included in a tax deduction regime (*see “Report of the Inquiry into the Definition of Charities and Related Organisations” [June, 2001, chapter 15]*). Clearly, Australian governments have not endorsed “advancement of religion” as a charitable purpose for which eligibility of tax relief to the donor may be given. Hence, it is this subject on which we wish to concentrate.

### 1.4 Recognition of donations to charities/religious bodies is not sufficiently comprehensive

It could be argued that there already is a range of tax concessions available to charities and religious bodies. These include GST and FBT concessions for such entities, as well as certain DGR instruments where donations go to assist the poor and needy or support school building funds, public libraries, registered cultural organisations, necessitous circumstances funds and religious instruction in government schools funds.

These largely reflect the first two of Lord Macnaghten’s heads of charity referred to above. However, none of these facilities provides recognition of the inherent social good arising from the work of religious institutions in helping to create a society that is balanced, equitable and stable amongst those who may not be receiving welfare assistance. A dollar spent in keeping people out of welfare in the form of a tax deductible donation to a religious or other similar institution that has this as its purpose, should be seen to be as valuable, if not more valuable than one that is dedicated solely to assisting those in need. Prevention is far better and much less costly than a cure.

### 1.5 A brake on goodwill

Additionally, it is our view that the present tax policy for charities and religious bodies acts as a substantial brake on the goodwill and generosity of the Australian people. In the landmark study, *Giving Australia: Research on Philanthropy in Australia, Oct 2005*, it was noted that “. . .the rules [concerning tax deductibility] were perceived by some as complex and not well understood, even by government agencies that interpreted requirements differently.” If a potential donor is uncertain about the tax deductibility of his or her donation, a hesitation to give, and perhaps a deterrent is created, and that increment of support for charitable activities is lost. We believe that a larger loss occurs as the donor, thus discouraged, is less likely to become a frequent giver to charitable causes in general. The Australian culture of shouldering the burden of those in need is damaged, and the dollars are directed to other uses. Benevolent tax policy can be a great incentive to encourage philanthropic giving.

Although Australia ranks high in the world when measured by the number of individuals who make some contribution of time or money to the needy, the product of the complex tax policy is that Australia has one of the lowest levels of philanthropic donations in the western world compared to GDP, a situation we believe is directly related to the lack of a satisfactory, broad, tax deduction regime for individual tax-payers. Available research indicates that in 2005/2006 donations as a proportion of Gross Domestic Product in Australia were 0.68%, in New Zealand 0.81%, UK 0.9%, and USA (in 2004) 1.6% (*ibid*). While the corporate sector is not part of the subject matter of this position paper, the extent of corporate giving is also low by western standards. This could, in fact, be a result of complexities associated with determining which organisations are registered Deductible Gift Recipients and which are not.

### 1.6 The complexity of present arrangements

A further impact of the unnecessarily complex tax regime that applies to not-for-profit entities is the steadily increasing cost burden on both not-for-profits and the government. Under the present system, there are substantial costs associated with creating and maintaining charitable trusts and complying with other complex regulations in order to qualify for DGR status and the associated deductibility of donations. Each dollar eliminated from this administrative overhead is an additional dollar available to meet needs in the community.

The complexity which has evolved in the DGR structure is likewise expensive for the tax office to maintain. Categories of DGRs have been added as new complexities have been recognised. At the beginning of April 2009, Division 30 of the Income Tax Assessment Act 1997 listed 43 described classes of DGRs and 194 named entities.

### 1.7 What can be achieved with the introduction of the ACNC

As the regulatory role of the ACNC is implemented, the responsibility to register an entity as a bona fide charity will shift to the commission. In the future, though, we believe that any entity meeting the requirements of the ACNC should, by definition, qualify as a DGR and its donors should receive the benefit of deductibility for their giving. Funds saved by the government through administrative simplification would be available to enhance care for the needy or to meet other high priority needs.

Such a legal reform would act to simplify the present Deductible Gift Recipient (DGR) regime by expanding the approved categories to include all classifications of charity as

defined in the new ACNC authorising legislation presently before parliament. Effectively, this would enable deductibility of donations to include those for the so-called third head of charity, viz. “advancement of religion”, as described previously.

Simplifying and reducing the complexity of this tax law may require some modification in the role of the Australian Taxation Office (ATO). While the ATO will presumably always manage revenue collection in Australia, it will be important that the ACNC is not simply another layer of bureaucracy, adding to administrative complexities rather than augmenting the capacity of the charitable sector to perform its critical roles. Hence, the ability of the ACNC to determine the charitable status of institutions *and* thereby the tax deductibility of contributions to these institutions would be a significant means of reducing these complexities.

Instead of charities experiencing additional compliance requirements from the imposition of oversight by another government agency, they would witness the burden shift from one imposed by the ATO to one imposed by the ACNC. If an organisation warrants being designated as a charity, it would automatically warrant receiving Deductible Gift Recipient status.

## **2. The not-for profit charitable sector, including religious organisations, provides significant relief of government burden**

### **2.1 Recognition of donation tax deductibility in other countries**

The contribution of charitable and religious not-for-profit entities to Australian society reaches beyond the direct benefits delivered to those in need. The work done by these private sector entities also relieves governments at all levels of some portion of the social welfare burden that would otherwise fall to them, both in terms of directly assisting those in need as well as preventing people from falling into a state of welfare dependency. In recognition of the financial impact of private charitable and religious organisations, a number of countries with a culture, system of government, legal system, language, and pattern of social behaviour similar to Australia have institutionalised encouragement of public giving to these entities through the provision of tax concessions to the donors who support them.

In the UK, Canada, and the United States, tax deductibility for contributions to charitable organisations, including religious institutions, has long been a feature of their tax systems. These governments have recognised in their tax regimes the benefits derived by society from the activities of legitimate faith-based organisations. More recently, the former New Zealand Labour Government, under Helen Clarke, undertook a study of the benefits of such a system and introduced a comprehensive tax relief regime in 2008. As noted below, all contributions to religious institutions there qualify the taxpayer for a tax credit when made from a PAYE tax payer's salary.

Almost immediately after New Zealand created its Charities Commission, it legislated to make donations to all registered charities, including religious institutions, tax deductible. In a New Zealand government discussion document aired during the process of considering the Charities Commission, the reasons for governments to promote charitable giving were enumerated:

- Charities and other non-profit organisations help governments to further their social objectives, such as increasing support to the disadvantaged members of society and fostering a more caring and cohesive society.
- Many of the activities of charities and other non-profit organisations provide wider benefits to society over and above the value of the benefits received by the recipient or supplier of the activity.
- The activities of charities and other non-profit organisations may, in some cases, be more responsive to the needs of society than government programs, since donors and charities can often respond more quickly to changing social needs. Also, the donations people make to such organisations provide an effective indicator of the extra goods and services people feel are needed.
- Because charitable activities use donated goods and volunteer labour they may be more efficient in providing social assistance than government programs. (Tax Incentives, para 1.13.)

The New Zealand government's tax relief regime applies to any donation to charities and religious institutions of up to 100% of an individual's annual income. The donor is entitled to claim a tax credit (or rebate) equal to one-third of the amount donated. Thus, individuals whose marginal tax rate is less than 33.33% receive a rebate in excess of what would have

occurred in a marginal rate scheme, while those whose marginal tax rate is greater than 33.33% receive a lower rebate.

This has the effect of encouraging giving from all members of the population, not just those who can most afford it. It rewards those with a low income for, comparatively-speaking, the greater monetary sacrifices they make in supporting the works of the charitable sector, while still encouraging those on higher incomes to contribute to the betterment of society knowing they will also receive a reward for so doing.

## 2.2 The impact of a donor tax deduction on federal budgets

The Australian charitable and religious sector is the source of a myriad of programs which serve the needy in society, help those who are not presently needy to remain free of social ills, and have a significant impact on social inclusion and community cohesion. While tax concessions are available in Australia for programs which directly benefit the needy, no such recognition is given to the public benefit arising from the work that the charitable and religious sector does to keep people *free* of social ills.

If such recognition was given, and tax concessions were more broadly applied, it is our view that any loss of federal income resulting from the introduction of a more comprehensive tax deduction regime will be off-set entirely by the benefits that will accrue to society from increased contributions by the sector. As the influence in the community of charities, including religious groups, expands, government may reasonably expect there to be a concomitant reduction in burden on its community services. The work of charities, including religious organisations, already reduces government expenditure substantially. This can be further enhanced if a tax regime is established which encourages increased private financial donations to the sector.

While many charities and welfare agencies – both religious and otherwise – have done much good in the community, we believe that institutional religion can harness civilian goodwill in ways that many other organisations find it difficult to achieve. Religious belief holds the heart and encourages individuals to reach beyond themselves. Because past and present holy leaders, as well as scriptural injunction, encourage the giving of service, the desire to help others is pervasive within religious communities. As part of the change that occurs in people’s lives through religious commitment, they learn that in serving others they also are serving God and, as a natural consequence of giving to others, they revitalize themselves.

But reaching out to help others is only part of the story. Religion has traditionally been uniquely able to inspire the personal advancement of its adherents. Faith groups hold that their day-to-day work helps people to develop the necessary internal strengths and moral fortitude to become net contributors to society rather than net recipients of its assistance. As people are attracted to religious experience, they are taught principles which renew their commitment to good values and lives of sobriety and moderation, where once these might have been lost through profligate and reckless living.

## 2.3 The impact of volunteer contributions

Because many of the charitable efforts of religious institutions are undertaken by volunteers rather than by paid officers, there is an immense benefit to society, both to those receiving and to those giving. The work of one volunteer in the private sector clearly not only saves the cost of paying an employee in the public sector but also transfers

administrative and other costs from the public sector. Paid staff, whether in the employ of government or in external agencies, consume considerable amounts of money. This costly administrative burden can be dramatically reduced when charitable agencies that use substantial numbers of volunteers are involved more actively in the process. Even where charities and religious bodies pay certain employees for their work, the extremely limited funding that is typical of these agencies requires that they operate under strict staffing regimes.

Hence, money donated to a charity/faith group is more effectively utilised than if that same money was donated to the government in the form of taxation and then, ultimately, provided to those in need.

As noted in the next section, in our own case, we operate virtually entirely on a voluntary basis. Almost all front-line services are operated by a lay, or unpaid, ministry. Hence, monies that are received in the form of donations are used for their end purpose, including assistance to the needy and betterment of individuals and families, without being siphoned off to cover large administrative expenditures.

#### 2.4 The benefits of non-religious welfare efforts

The foregoing is intended in no way to detract from the enormous good work of the government welfare sector or the work of other non-religious charitable organisations including, for example, the Red Cross. For decades, federal government social security programs, funded through our taxes and managed through hard-fought-for policy settings, have shouldered the burden of caring for the weakest in society. An increase in the contribution to society of the charitable and religious sector is not an argument for any form of privatisation of social security services additional to what has already occurred with unemployment programs. Rather, a charitable/religious sector enhanced by greater availability of funds arising from tax deductibility of donations will, as a natural consequence, lessen the burden on government in many areas.

A sophisticated approach to social services is not one that sees private and public agencies competing with each other for government funds. It is also not one that precipitates some form of ideological battle to determine which sector is better able to provide the sorts of support for families in need, community cohesion and social equity. Instead, a more sophisticated approach is one that regards the relationship between government and the private sector as complementary. When governments partner more fully with the community rather than take on much of the load themselves, there is a synergistic effect and considerable additional success occurs in maintaining the overall welfare of citizens. Governments alone cannot do it. Charities and religious organisations also cannot do it alone. Working together, government and an enhanced charitable and religious sector can help to establish a philanthropic era in which all in society can work for the common good.

Non-government, non-religious agencies, also have much to contribute to community cohesion and social equity. Bodies such as the Red Cross make a powerful contribution to society. However, they do this largely through addressing the needs of people who are already in serious need. Whether it be recovery from a serious bushfire or flood relief or other efforts, communities unite and pull together when government and non-government agencies of all colours begin the process of helping people pick up the pieces of their lives. Clearly, donations for many of these non-government programs already receive some form

of tax deductibility through the relevant entities receiving DGR designation by the tax authorities.

By contrast, religious organisations work with their adherents and others exposed to their efforts both before a natural disaster strikes and in its aftermath. Quite uniquely, they have in their membership a captive audience which can be trained in family and individual emergency preparedness along with other subjects of significance. Naturally, religious organisations mirror the efforts of the non-religious agencies after a disaster has struck.

But, it is in areas that are unrelated to natural disaster where religious organisations are virtually alone in their ability to work with families and individuals who are exposed to their efforts. As noted previously, through the myriad of support programs religious bodies offer, they can help their adherents and others avoid the sorts of *personally-induced* disasters arising from poor decision-making and other reckless actions.

This is not, for example, merely exposure to a minister preaching to a congregation on a Sunday about the evils of certain irresponsible lifestyles. Rather, it is years of instruction – in classes, counselling, age-group organisations and individual ministering – that strengthen the individual so that he or she is a fully independent and contributing member of society. Donations for general religious advancement and the work that religious institutions perform in preventing personal disasters receive no such tax relief at the present time.

### **3. Giving and the Latter-day Saints**

#### **3.1 In general**

*The Church of Jesus Christ of Latter-day Saints* has at the core of its beliefs, a commitment to relieve the suffering of others.

*“Inasmuch as ye have done it unto one of the least of these my brethren, ye have done it unto me”* (Holy Bible, Matthew 25:45).

*“And also, ye yourselves will succor those in need of your succor; ye will administer of your substance unto him that standeth in need; and ye will not suffer that the beggar putteth up his petition to you in vain, and turn him out to perish”* (Book of Mormon, Mosiah 4:16).

In addition to welfare and humanitarian outreach activities, it is our position that the things we believe, and the participation by members in the “day-to-day” programs and activities carried out within every congregation in the Church, have the effect of developing and encouraging members to be good citizens in whatever country they live. We believe that, to a very large degree, government is relieved of burdens because of what our members believe and live. Self-reliance is taught to and practised by its members, and in times when help outside an individual’s family is needed, the Church believes in taking care of its own. However, as noted below, complementing the Church’s support programs for its own members is a large international humanitarian program targeted at those in need without any regard to religious belief.

Below is a brief summary of the beliefs and practices of the Church. Where there are statistics and conclusions, these are based on studies conducted mostly in the United States. While they would be substantially true for the Church and its members in Australia, the body of research done in this country is limited.

#### **3.2 Latter-day Saint beliefs**

##### **Some similarities to other faiths**

- The divinity of Jesus Christ is central to the belief of members of *The Church of Jesus Christ of Latter-day Saints*. Christ is revered as the Son of God and the Saviour of the world. Because he rose from the dead, all mankind will also be resurrected and returned to the presence of God. Subject to our repentance from sin, we may remain with God and live with Him forever.
- Latter-day Saints regard themselves, like all mankind, as imperfect. However, they endeavour to live by Christ’s teachings and try to help others to do the same.

##### **Some differences**

- The Church is neither Catholic nor Protestant. It regards itself as a restoration of the Christianity originally espoused by Christ and His apostles, with all of the former doctrines, ordinances and teachings.
- The doctrine of the Church is set forth in the several books of scripture, including the *Holy Bible* and the *Book of Mormon: Another Testament of Jesus Christ*. Latter-day Saints accept the Bible as an inspired record of God’s dealings with ancient people in the Middle East (primarily the Jews), and they accept the Book of Mormon as an inspired record of God’s dealings with ancient people in the Americas. Latter-



day Saints believe that, following His resurrection, Christ appeared to not only his disciples in Jerusalem (approx. 33AD), but also to people in the Americas.

- Latter-day Saints believe the family is ‘the central unit of society’ in time and eternity. They believe men and women can be married for eternity in temples, five of which are located in Australia (Sydney, Melbourne, Brisbane, Adelaide and Perth). Children in such marriages are never lost to their parents. As a result, Latter-day Saint families tend to be strong and resilient. Parents conduct weekly Family Home Evenings, where children are taught to be good citizens and contributors to society. The strength of the family is fundamental to the Church’s doctrine and practice.

### 3.3 An unpaid clergy in a growing faith

Latter-day Saints have a lay, or unpaid, ministry, so we rely virtually entirely on self-funded volunteers to carry out the bulk of the welfare work we accomplish. Our local ministers are supported by a small paid staff of professionals in support roles at a national office located in Sydney. Because most of our efforts are undertaken by volunteers, only a very small portion is used to cover administrative costs. Hence, almost every dollar donated goes directly to the needy recipients. For this reason, some people who are not members of our faith support the welfare outreach programs of the Church in Australia and overseas because they know that their donations reach those in need.

Every Latter-day Saint ‘ward’ (or local congregation) of 200-500 members is led for a period of years by a ‘bishop’. Multiple wards form a stake (similar to a diocese), which is led for a period of years by a ‘stake president’. There are 132,000 members and 33 stakes in Australia. There are more than 190 meetinghouses in Australia that accommodate nearly 300 bishop-led wards. In these meetinghouses we conduct our regular Sunday worship services including partaking of the Sacrament (like the communion in other faiths) and weekday social activities. All are open to visitors not of our faith.

Members of *The Church of Jesus Christ of Latter-day Saints* have been in Australia and the Pacific since 1840. Up to a third of the population of some Pacific Island nations are Latter-day Saints. It is the fourth largest Christian faith in the U.S.A. (the second largest in California), and the sixth largest in New Zealand. Worldwide membership exceeds 14 million in 173 nations.

### 3.4 A safety net

The welfare program that is practised within the Church has one basic aim, and that is to take members from a condition of temporary dependency to a situation of permanent self-sufficiency. Writing in the *Wall Street Journal* about this program, Naomi Schaefer Riley observed that the Church welfare program provides “the kind of safety net that government can never hope to create.” She noted that it “lets almost no [Church member] fall through the cracks while at the same time ensuring that its beneficiaries don’t become lifelong dependents.”

Latter-day Saints are taught to fast once a month for 24 hours and give the cost of the meals foregone to care for the poor and needy. The “fast offering”, as it is known, provides the funds that are utilised by local Church leaders to meet the requirements of those in need in local congregations.

Members in need can go to their bishop (the unpaid minister of their local parish) and ask for aid. He may use Church resources to provide food and clothing as well as pay for

housing and other necessities. The family or individual may receive help from the Church's worldwide system of employment centres or counselling from its social services centres. Typically, families depend on food, rental or other assistance for an average of three to six months before they are back to being self-reliant. This is not to suggest that Church members do not participate in government employment programs or receive government unemployment allowances. However, because the Church provides such an all-encompassing support program for its members, the call upon government resources is limited.

Local ministers are taught that they have a stewardship for the entire community in which their parish is located, not just those who are baptised members of the faith. Hence, fast offering funds may also be used for those who are not Church members. Because the Church is not a 'closed' society and welcomes all people to enter its doors, any individual, whether in need or otherwise, may participate in Church programs and derive benefit therefrom.

### 3.5 International humanitarian aid

While the welfare program largely helps Latter-day Saints who are struggling to meet their basic needs, the Church's humanitarian aid program focuses on people who are not of our faith. Over the years it has helped to relieve the suffering, hunger, thirst and poverty of millions of people around the world regardless of their religious, ethnic or political background. Since 1985, approximately \$1.5 billion in aid has been donated by the Church. In these efforts, we are pleased to work in partnership with other religious charitable groups — including Catholic, Protestant, Jewish and Muslim agencies — and with many non-faith-based organisations, exemplified by the Red Cross, state-based disaster funds, Bear Cottage in Sydney, and others. One hundred percent of the donations given to the Church's Humanitarian Services go directly to these causes; the Church absorbs all of its own overhead and administrative costs. In Australia, approx. \$900,000 has been contributed to those not of our faith since 1985.

In addition to disaster relief, the Humanitarian Services arm of the Church sponsors ongoing worldwide initiatives including training local doctors and nurses to resuscitate babies who fail to take their first breath, and to provide measles vaccinations, wheelchair distribution, vision treatment and clean water.

### 3.6 Health

Latter-day Saint beliefs about health are one of our most distinguishing characteristics. Given by revelation to Church founder, Joseph Smith, in 1833, long before modern medical advances, our health practices are part of our holy writ. They encourage eating grains, fruits, vegetables and herbs, and limiting meat consumption. They prohibit the use of tobacco, alcohol, harmful drugs, tea, and coffee.

Dr James Enstrom at the UCLA School of Public Health studied Latter-day Saint populations that have been practising the faith for an extended period. Enstrom's 25 year study of members of the Church in California concluded that members — particularly those who were married, had never smoked, attended Church weekly and had at least 12 years of education — had total death rates that are among the lowest ever reported for a group followed for 25 years. They also had among the longest life expectancies yet reported in a well-defined U.S. group. On average, female Latter-day Saints live at least five years longer than the average for the population, while males live at least 10 years longer. The monthly

fasting program described above has a side-benefit that bears on the longevity of Latter-day Saints. Researchers at the Utah-based medical corporation, Intermountain Health Care, found that people who fasted once a month were about 40% less likely to be diagnosed with clogged arteries than those who did not regularly fast.

The impact of these healthy lifestyles is to reduce the costs of health care for these individuals, whether self-paid or funded through government programs.

### 3.7 Support for families

**Attitude to the family:** According to a study by the Pew Research Forum on Religious Life, more than 80% of Mormons say, “being a good parent is one of their most important goals in life”, and nearly three out of four believe that “having a successful marriage is one of the most important things in life” compared to one third of the general public. At a time when families, including those in our Church, face increasing challenges in teaching and holding their youth, a 2010 study of teenage groups conducted by Kenda Green reported that “Mormon teenagers . . . were the least likely to engage in high-risk behaviour and consistently were the most positive, healthy, hopeful and self-aware teenagers in the interviews” (*Almost Christian: What the Faith of Our Teenagers Is Telling the American Church* (2010) 56).

**Secular education:** Latter-day Saints feel they have a religious duty to obtain an education. As a result, according to research conducted by external agencies, Latter-day Saints more typically have tertiary education than the average population. The Church operates Brigham Young University, the largest private university in the USA, with campuses in Utah, Hawaii, and Idaho. The Church also operates primary and secondary schools in Mexico and the Pacific Islands.

**Religious education:** In addition to traditional school attendance, young people experience “early-morning seminary” where they gather before regular school time each weekday for about an hour studying the Bible and other scriptures. Similarly, university-level students attend religious institute classes that complement post-secondary education. In these classes, students learn, through the prism of the scriptures, values such as integrity, Christ-like service, obedience to the laws of the land and how to contribute to their communities.

In Latter-day Saint practice, Sunday School is not just for the young. Even adults attend the weekly class on the Sabbath where they study a series of lessons that rotate through the scriptures each year. These classes teach them how to apply scriptural teachings to daily life, including many of the principles described above.

**Youth programs:** Like many faiths, Latter-day Saints have a strong program for young men and young women. Classes and activities, held on Sunday and weekdays, encourage a good balance between spiritual, physical, social and emotional pursuits. Whether it is a monthly dance or a rugged hike, young Latter-day Saints are actively helped to become well-rounded citizens.

**Missionary service:** One of the most successful ways in which many of our young men and women manage the transition from teen years to young adulthood is by responding to a call to serve as unpaid volunteers in a two year mission for the Church to share the Church’s Christian message. Missions are great times of learning. Missionaries often

become fluent in a new language and many encounter other countries and cultures and learn to love the people where they serve. All face a demanding schedule of study and work. Missionaries learn to talk to people and to listen. As well as sharing the gospel, they give extensive community service. They learn important leadership skills. They return home with greater motivation and skills to carry with them into their educational pursuits.

There are five missions in Australia, each with as many as 150 missionaries. Seven hundred and fifty (750) volunteer missionaries, most of them young men and women between the ages of 19 and 23, serve here. About 40% are North American, 32% from New Zealand and the Pacific, 17% from Australia and 11% from the rest of the world. Close to 100 Australians are serving internationally and become 'ambassadors' both to *and* for the countries in which they have undertaken their missions.

Although data are not available by religious affiliation, we affirm that strong family foundations, emphasis on education – both secular and religious – active participation in Church-sponsored youth activities, and preparing for and serving volunteer missions, result in savings in expenditures to the community for criminal interdiction and detention, substance abuse programs, delinquency prevention, and a host of other social programs.

### 3.8 Volunteerism

Underlying all of these efforts is a strong ethic of volunteering. Since all leadership, teaching and ministering activities within the Church are provided by volunteers, virtually every youth and adult has a "calling", a specific assignment to help meet the needs of others within the congregation. One study in the United States found that Latter-day Saints give on average 428 hours of volunteer time per year, compared with 48 hours per year for the average American.

*Mormon Helping Hands* is an ideal example of volunteerism within Latter-day Saint culture. The program involves groups of Church members – young or old, male or female – gathering to assist during times of disaster or simply to provide support to on-going community projects. While our humanitarian program described above is mainly involved in providing cash or in-kind support, Helping Hands provides manpower.

### 3.9 The role of women

Latter-day Saints believe women and men are equal. In the family, they have different but overlapping roles, including nurturing of children and providing support for the family. In the Church, Latter-day Saint women have leadership roles in the Relief Society, the world's oldest and largest organisation for women, and in other organisations in their local congregations. The Relief Society was originally established as an agency that would assist those in need, whether female or male. However, over time, it became the principal women's organization of the Church encompassing all of the work that women may undertake including compassionate service.

Latter-day Saint women give sermons from the pulpit, minister to others, lead congregations in prayers, teach groups of men and women and sit in leadership councils. Like the societies in which they live, women of the Church are diverse. They are married, single, divorced or widowed, employed or full-time homemakers.

#### **4. Conclusion**

The Latter-day Saints are just one example of a group of individuals voluntarily giving to others through not-for-profit charitable efforts. Many faith-based and non-faith organisations, through concerted volunteer efforts, or in other ways, provide significant support to members of their denominations and to those who have no religious affiliation. We believe it to be self-evident that these organisations, and the individuals who serve within them and donate to them, relieve governments at all levels within Australia of expenditures governments would otherwise be obliged to make.

However, we believe that governments need to address the limited recognition of the work that religious organisations and other charities do to strengthen members of the community and help them to be independent of government and other assistance. The social return on investment can be increased substantially if financial and budgetary recognition is given to the broader preventative work religious and other institutions undertake in the community.

Australian people need to be encouraged in their wish to care for the needy within their own community and internationally through greater personal financial contributions to the institutions which conduct these programs. They should also be encouraged to support those institutions which help to promote the independence and self-reliance of the members of those institutions as well as others in the general population. Benevolent tax policy, specifically tax deductibility for donations to legitimate charities and religious organisations, can be a significant incentive to encourage philanthropic giving.