

Submission to the Australian Productivity Commission:
Reforming Tax Exemptions for Religious Institutions

To the Commissioners,

I appreciate the opportunity to provide a submission to the Australian Productivity Commission on the important matter of government revenue, equity, and tax reform.

I am writing to advocate for a comprehensive review and reform of the tax exemptions currently granted to churches and religious institutions in Australia- particularly the exemption for the "advancement of religion" as a charitable purpose.

1. Outdated Justification for Tax Exemption

The classification of "advancement of religion" as a public good is based on centuries-old British common law. In a contemporary, secular, multicultural society, this presumption is no longer appropriate. Not all religious teachings or practices deliver positive or measurable public outcomes. The state should not subsidise belief systems by default. Instead, tax concessions should be awarded only for organisations that demonstrate measurable public benefit, such as health, education, or social services.

2. Billions in Lost Revenue

Religious institutions in Australia collectively manage an estimated \$30 billion in income, with full exemptions from income tax, fringe benefits tax (FBT), and other levies. Conservative estimates indicate that removing religious tax privileges could return between \$1.5-4 billion per year to the public purse. This revenue could fund essential services such as schools, hospitals, domestic violence shelters, and housing.

3. Tax Fairness and Secular Equity

Australia's tax system should be equitable. Religious institutions benefit from privileges that are not extended to secular charities, non-religious organisations, or small businesses. Tax law should treat all belief systems, religious or secular, equally. No ideology should be financially privileged under the law.

4. Lack of Transparency

Many large religious institutions operate with limited public scrutiny despite managing millions of dollars annually. There have been multiple allegations of financial mismanagement or unethical spending in some organisations. If these institutions are indirectly funded by the public through tax exemptions, they must be held to the same transparency and accountability standards as any other public-benefit entity.

5. Public Benefit Should Be Evidenced, Not Assumed

Services like aged care, food banks, and education should be funded based on outcomes, not religious affiliation. Secular organisations provide high-impact welfare programs without religious indoctrination. Tax exemptions should support measurable social value, not doctrinal promotion.

6. A Secular, Pluralistic Society Demands Modern Tax Policy

Over 38% of Australians identify as non-religious. Yet their taxes subsidise religious organisations they may not support. True religious freedom means freedom of belief without public subsidy. Removing automatic religious exemptions upholds Australia's commitment to secular, inclusive governance.

To conclude:

Tax exemption should not be automatic for religious institutions. It should be conditional upon delivering verifiable, secular public benefit. Reforming this outdated system would not only have the potential to generate billions in revenue but also restore fairness and equity to our tax framework.

I urge the Commission to consider these reforms seriously and to recommend that "advancement of religion" be removed as a standalone charitable purpose in Australian tax law.

Sincerely,

Lisa Richert