

AFTS Secretariat,  
The Treasury,  
Langton Crescent, PARKES, A.C.T. 2600.

Below is a Supplementary Submission to our original submission which was dated Tuesday, 9 December 2008. We note that there is a Public Consultation scheduled in Melbourne on Monday, 23 March 2009. However, we would still prefer to have this email accepted by the panel/working group regardless of whether or not we are able to be represented at the public consultation.

Signed: Kendall Lovett,  
for LGS.

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Monday, 2 March 2009.

**SUPPLEMENTARY SUBMISSION  
TO THE REVIEW PANEL & WORKING GROUP  
OF THE INQUIRY INTO AUSTRALIA'S FUTURE TAX SYSTEM**

From: Kendall Lovett and Mannie De Saxe,  
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We wish to add a further section to our Submission, dated Tuesday 9 December 2008. This addition includes a third recommendation qualified by some pertinent paragraphs to justify the recommendation.

***Recommendation:-***

**3:** It is not the role of a nominally secular state such as Australia to allow religious institutions tax-free status and then to provide those same institutions with taxpayer funds to support their schools when the state provides schools for children of all its citizens regardless of belief or social order. We, therefore, recommend that all religious schools currently receiving government funding be required to supply details of the student fees charged and their overall financial status, after which funding should be curtailed and completely withdrawn within one year of receipt of a properly audited account of the information required. An exemption clause for some could be considered if the audit showed hardship unless the state withdrew its aid gradually.

***Drawing a line in an economic crisis***

We offer the following reasons for this third recommendation, because we consider that those least likely to be affected by the current world-wide economic crisis are Australia's religious institutions and their schools.

That is our conclusion because religious institutions operate under a tax exemption status provided by federal and state governments of Australia and 'in an era of corporate regulation' their finances are 'virtually unaccountable.'

For such a conclusion we support the *Business Review Weekly* article "Charity Inc"(24-30 March 2005) in which is the following (p.45): "Religious groups are the hidden giants of the economy. In an era of corporate regulation, they are virtually unaccountable. The five big churches had revenue

of more than \$21.7B in 2004.” There is no way the government has of disproving the claim because the ‘big five’ don’t pay tax and therefore are not forced to disclose their income.

While on page 47 in the same article: “The Catholic Church does not consolidate its accounts and it is in its interests not to do so. It has about 200 religious orders which control assets worth many tens of billions of dollars. In fact, the Catholic Church is the largest property owner in Australia.” And it doesn’t pay rates!

State aid for religious schools has been provided for decades but they are not accountable to government on how it is used any more than the religious organisations which control them. Unlike the individual age pensioner couple (married or de facto), these private religious schools are not hounded to declare any additional financial income (such as fees in the case of schools). In a review article in the *Education section, The Age* (17 Nov.03) Dr Jack Keating of Melbourne University is cited as pointing out that we are probably the only country that allows schools to charge fees of over \$10,000 a year and still accept government funding.

In a recent interview on Melbourne radio (Joy94.9FM) reported in the *Sydney Star Observer No959-25Feb09*, the Centrelink general manager, Hank Jongen, in answering a question about a same-sex client who does not disclose her/his couple status, said that if an anonymous tip-off alerted us to that then we would do a one-on-one investigation; “We are custodians of taxpayers’ money.”

So, why should religious institutions not have to disclose their status if they receive state aid? It seems extremely unfair to demand accountability of the individual citizen who has actually been a taxpayer all her/his life and to exempt a religious institution, which has never paid tax, from any accountability whatever.

One has to wonder if Catholic schools in Australia still cater for working class children or have they become simply for the children of the moneyed middle class, and the working class Catholic kids go to swell the poor public state schools? Then the effect of the present world-wide financial crisis may very well hit those middle class parents in the not too distant future forcing their children’s education back to the state schools.

The Rudd Government has recognised the need for this review and inquiry into Australia’s Future Tax System. It is prepared, though, to follow the previous government’s funding support for private schools when, by withdrawing the tax-free status of ‘corporate’ religious bodies, they could use the revenue gained to restore the whole state school system to the excellence to which it aspired in the past. It is up to this review and working group to prove the need is warranted because it’s a furphy that private schools need to be funded to relieve the pressure on the public system.

For reference, we recommend that the review panel and the working group be provided with copies of *The Purple Economy: Supernatural Charities, Tax and the State*, 2007 Max Wallace BA. M.Soc.Sc.(Hons)PhD: publisher Australian National Secular Association (ANSA), PO Box 700, Elsternwick Vic 3185.

Signed: Kendall Lovett and Mannie De Saxe.