

There is an increasing discrepancy between the purpose of charity law and its actual effect in practice. When this piece of jurisdiction was drafted the cause areas supported probably aligned with the interests of the people affected rather nicely.

However, my peers and I care about other cause areas that are not properly supported by these laws which hinders community engagement and the work of organizations in these fields.

In the submission I raise 2 issues:

- 1) The availability of DGR status for high impact cause areas (Terms of reference 2.ii, 3.ii, 5, 6)
- 2) The potential good that could be achieved by Australian based charity evaluation (Terms of reference 3.ii, 6.iii)

I have donated to effective charities, and I am an active member of local philanthropic and community groups. The changes recommended in this submission could make this kind of work easier, increasing donations and community engagement.

One of the mentioned cause areas my peers and I care about is the welfare of animals. While the animal charities that I support can be “charities” under the Charities Act, they can’t get the DGR status under the Tax Act since they do not physically interact with animals in need. However, various charity evaluators came to the conclusion that charities preventing animal suffering instead of focussing on helping animals in need directly are much more effective in reducing overall animal suffering.

These sorts of charities can receive tax-deductible donations in other countries already. Based on the fact that the values of these charities match the values of DGR charities exactly, denying the DGR status to more effective charities seems to actively hinder doing good effectively. Additionally, knowing that a donation can achieve more would obviously lead to an increase in donations.

This sort of argument is only possible because charity evaluators already analyzed the charities in question. Since it is quite common that the most effective charities in a given cause area are more effective by a factor of 100 (or even greater) having such a charity evaluation system in Australia would increase the overall impact immensely while also increasing transparency for the donator.

Charities can also be used for PR reasons which is why the Australian Competition and Consumer Commission (ACCC) started taking fraud around “Green Washing” seriously. I encourage these sorts of actions and I believe that a charity evaluation system could actively work against this sort of behaviour while being a benefit to “honest donators”.

In the end every donator only has limited time and resources available to determine which charity is the best fit for their donation. Charity evaluation provides the objective facts necessary to make an informed decision. Additionally a transparent and trustworthy evaluation about the effectiveness of actions will lead to a better public awareness about the situation and therefore an increase in donations.

Australia has the potential to create a world-leading philanthropic sector. We already know that the most effective charities can have a substantially greater impact than the average charity, but currently, there are no mechanisms in place to incentivise impact or empower donors to choose the best charities based on their impact.

By implementing the recommendations outlined in this submission, Australia can become a global leader in philanthropy. This could reverse the brain drain and attract more impact-focused charities to Australia, further enhancing the country's ability to make a positive impact on the world.