

Submission to the Productivity Commission

Introduction

DGR status is not available to most charities working to reduce the risk of catastrophic disasters and the most effective animal welfare charities, which puts Australia behind when it comes to effective philanthropy and building communities focused on the world's most pressing problems. I am a Researcher at [Giving What We Can](#) and my role is to help build a culture of giving significantly and effectively by helping others' find and support the most cost-effective charities. During this time, I have seen and felt my local community's frustration that many of the most cost-effective charities cannot receive DGR-status in Australia; the result is that donors are disincentivized to engage with and support these charities, or form communities around these causes.

In this Submission I raise two issues:

1. The availability of DGR status for high impact cause areas (Terms of reference 2.ii, 3.ii, 5, 6)
2. The importance of policy advocacy by charities, including the potential to make our democracy fairer. (Terms of reference 3.i, 5, 6.iii)

Although I'm writing as a member of the community, my views are representative of many of my peers and community. I think the Productivity Commission should weigh the views of community members. They are also representative of many of the world's leading "overseas impact evaluation comparison sites" whom I regularly work with.

1. Global catastrophic risk reduction and animal welfare should be DGR classes

I believe the key issue is to broaden DGR status to support causes that Australians — in particular, young Australians — care about. Specifically: reducing global catastrophic risks and supporting the well-being of animals.

During both my working and personal life, I have often felt dismayed to give the advice to bright, innovative young Australians, that if they want to have as much social impact as possible, they may need to consider moving overseas (in particular, to the U.S., or U.K.). This is because:

1. In the U.S. and U.K., there are stronger communities supporting the world's most pressing problems (namely, reducing global catastrophic risk and improving animal welfare).
2. There are highly effective charities working in these areas that they can work, volunteer, or otherwise advocate for.
3. To the extent that they want to donate to these charities, they would be supported by Gift Aid in the U.K., or the 501(c)(3) tax-exempt status in the U.S., making their donations more tax-efficient and thus, more impactful.

To prevent this "brain drain" and support the growth of effective communities in Australia, I urge the Productivity Commission to broaden the range of causes eligible for DGR status to include global catastrophic risk reducing and animal welfare charities, in line with international best practices.

I know, post-COVID, given the war in Ukraine, and rapid development of powerful AI systems that it appears we do not understand and cannot reliably control, my peers want to contribute to working and supporting what they see as the world's most pressing problems. In Australia, the regulatory framework of DGR does not support them doing so. As a result, I know many Australians who have decided to move overseas. As a nation, we should strive to retain and support these talented and dedicated individuals who want to make a difference in the world, by not only allowing them to work within Australia but also fostering a regulatory environment that encourages the establishment and growth of charities in these vital sectors.

Regarding effective animal charities, the Australian charity regulation should keep pace with evolving public sentiment that sees the well-being of animals as a critical concern, granting DGR status to these causes. Australia is known for its unique wildlife and strong protection laws for our native species — we are also known as a compassionate country. Yet, while the animal charities I support (and recommend in my work) can be "charities" under the *Charities Act*, they can't get DGR status under the *Tax Act*. I understand that this is because DGR status is limited to things like the short-term direct care and rehabilitation of lost or mistreated animals. While any animal suffering is a tragedy, it's obvious to me that it would be far more effective to give DGR status to charities that are seeking to prevent animals from needing this kind of direct care in the first place. Currently, they cannot — and so Australians are not supported in showing rationally guided compassion towards animals.

The exclusion of these two cause areas from DGR status hurts our ability to do good. These causes are recognised by sophisticated charity evaluators as being high-impact and allowed to accept tax-deductible donations internationally, but excluded here in Australia. If Government wants to increase donations to charities and increase the ability of charities to build social connections, it needs to give DGR status to these high-impact cause areas that today's Australians are so passionate about.

2. The DGR Status Barrier: Why Advocacy-Focused Charities Are Left Out

I understand that the ACNC's view is that a charity can promote or oppose a change to law, policy or practice, provided its advocacy is aligned with a charitable purpose. The issue is, without the ability to have DGR status, charities — even ones that are supported by the wider public — are unable to effectively fundraise in their work.

So, while it's technically true that a charity can engage in advocacy, DGR charities largely monopolise fundraising and staff attraction, and DGR status is not available to organisations that prioritise advocacy.

In practice, this hamstringing advocacy-focused charities and creates an asymmetry in our democracy. For-profit companies have significant amounts of money to spend on lobbying and often get tax advantages for doing so. But people in the community who are passionate about certain causes often lack the bodies to organise around and certainly don't get tax

advantages. This should change, specifically by broadening out DGR classes so that advocacy-focused organisations can get DGR status. This problem is most obvious in the space of animal welfare, where DGR status is limited to certain kinds of animal rehabilitation. Charities that want to advocate for rules and approaches that mean animals don't need rehabilitation in the first place don't get DGR and are therefore limited in their ability to advocate.

This change would make democracy fairer, help connect communities around the things they care about, and encourage donations. I know I'd feel more confident in our democracy if there were organisations whose values I aligned with that had active and powerful voices in the policy conversation.

Conclusion and a call for Government to lead by example

In conclusion, the current regulatory framework for DGR status in Australia is limiting the ability of individuals and organizations to effectively contribute to important global cause areas such as global catastrophic risk reduction and animal welfare, as well as advocacy-focused charities. By expanding the eligibility criteria for DGR status to include these vital sectors, the Australian government can foster a more inclusive and robust charitable landscape that aligns better with evolving public sentiments.

Moreover, this expansion of DGR status would help retain Australian talent and empower citizens to pursue and support high-impact causes within their country. Additionally, by levelling the playing field for advocacy-focused organizations, we can work towards creating a more balanced and fair democratic system that better represents the interests and passions of the general population.

Changing these laws would be a strong start to the Government's commitment to double philanthropic giving.

I also believe the government should lead by example.

Australia's Overseas Direct Aid as a proportion of Gross National Income (GNI)—the official measure of development assistance—is expected to remain at the 2021–22 level of 0.20%. This continues to place Australia well below the OECD Development Assistance Committee (DAC) country average of 0.32%. In 2020 Australia ranked 21 out of 29 OECD DAC countries on the generosity of its aid, measured by the ODA-to-GNI ratio. On current estimates, Australia's ODA-to-GNI ratio is expected to tail off to 0.17% by 2025–26.

The UN's ODA target is to spend 0.7 per cent of GNI on ODA every year. If the Australian Government wants to double giving by its citizens, it should show that it means business by doubling its own giving and focusing on using evidence to double the impact of the giving that it does do.

I appreciate the Productivity Commission soliciting community input, and I trust that these suggestions will be given due consideration in the process of reviewing and updating the DGR regulatory framework. By adopting these changes, we have the opportunity to unlock greater potential for social impact, provide more support to crucial cause areas, and cultivate

a more compassionate and just society. Together, we can ensure that both the Government and the people of Australia are aligned in their efforts to make the world a better place for all.

Thank you for taking the time to review my input, and I look forward to seeing the outcome of this consultation and the positive changes it may bring.

Sincerely,

Michael Townsend

Researcher at Giving What We Can