

Charities with DGR status should be able to engage in a-political policy advocacy. Notionally a charity (including a charity with DGR status) can promote or oppose particular laws or policies, provided they don't promote or oppose particular parties or candidates. However, in practice, the narrow DGR classes block many charity subtypes from getting DGR status because they pursue their cause "in the wrong way". This creates an asymmetry in our democracy, where 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, and it would make democracy fairer, help connect communities around the things they care about, and encourage donations.

Communities built on philanthropy are bedrocks of social cohesion. Historically, institutions such as RSLs and Rotary Clubs were centres of community identity. They provided an outlet for generosity, a space for altruistic activity, and a place where people feel like they belonged.

Young Australia is much less engaged with these groups. Their place in our cultural identity has slipped significantly, and unless charity incentive structures are updated to align with what motivates younger Australians, we risk losing these kinds of institutions and the community value they create.

This is not to say that philanthropy no longer plays a role in modern Australia's community structure. It just comes in a different form. A key example of these new networks are effective altruism groups, which are now at the helm of the philanthropic community amongst young Australians, with representation in major universities and cities. Effective altruism is not alone in being connected to these demographics, "One for the World" groups are similar. While tax-deductible donations can be made to Rotary, they can't be made to their modern equivalents.

Crucial for understanding the changing shape of the altruistic community is their shifting causes of interest. Rather than an internal or local focus, these groups consider global impacts and are concerned with long-term and catastrophic risk prevention. They also challenge the restrictive moral circles which governed historic philanthropic communities, by focusing on causes like animal welfare, the environment, and preventing human extinction.

We need reforms that seize on these trends and make sure the effective altruism clubs of today can become the Rotary clubs of the future. Strengthening community in this way requires reforming philanthropy to align with the interests and values of younger Australians. Recognising these shifting priorities is the key to both increased charitable donations and increased social cohesion.

I would like to raise with the Inquiry:

- 1) The way in which DGR-status charities shaping Government policy can make democracy work better for communities (3.i, 5, 6.iii)

I have donated to effective charities, and work to support local philanthropic and community groups. I'd like to do more of this over time. I think the changes I recommend in this submission would make it easier for me to be involved, and also help other Australians to donate more and participate more in their communities. The changes could almost dramatically increase the good we achieve through this work.

DGR Status for Charities Can Improve Democracy

I believe more charities with DGR status being involved in the public policy conversation would make our democracy work better.

Big business has easy access to government and regularly exerts influence over policy outcomes. Often to the detriment of society – with challenges facing the environment being an obvious example. I understand that companies can often tax-deduct spending on lobbying. I think it's perverse that those with a profit-motive have an incentive structure and open door to government, while groups working for a better future through policy change typically aren't eligible for DGR status. This hurts our democracy.

The loudest voice in public policy should be the public. The public are concerned about issues like global catastrophic disasters and animal welfare – but currently DGR status is not available to charities that want to build community engagement and engage in the policy debate on those topics. More involvement by better-funded charities would increase community engagement and allow a more sophisticated and inclusive public conversation.

The Role of Charities in Shaping Public Policy

In many cases, and particularly in the area of averting catastrophic risks, engaging with the government on policy is a crucial component of achieving better outcomes for the world.

For example, while there is a valuable role for non-government organisations like the International Campaign Against Nuclear Weapons to play in reducing nuclear risk, at the end of the day, it is governments that possess the nuclear weapons stockpiles, set the rules about the acquisition of fissionable material and nuclear technology, and ratify international treaties.

Charities have real value to add to these conversations. Including investing resources in policy analysis, accessing global talent, and progressing the public policy conversations. In many ways, the activity of the not-for-profit sector on a topic reduces the burden on governments. Historically, many important policy ideas that have shaped modern society have emerged from outside of government - like the 40-hour work week or approaches to tobacco safety.

While charities are allowed to participate in policy discussions, many charities that focus on policy change as a primary means of achieving their goals are excluded from DGR status. This exclusion should be reconsidered, as charities that work to prevent catastrophic disasters or promote animal welfare through policy change have a valuable role to play in the public policy conversation.

Conclusion

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.

I trust this information and perspective has been valuable to the Productivity Commission.