

# Productivity Commission: Philanthropy

Submission from Luke Freeman, Giving What We Can  
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As an Australian who deeply cares about charity and has experience working in the sector, I've witnessed the remarkable impact that philanthropy can have on people's lives and its role in fostering strong social cohesion. Although institutions such as RSLs and Rotary Clubs have historically been pillars of our communities, younger Australians today are less connected to these organisations. To preserve the sense of unity and generosity these groups promote, we need to update our philanthropic landscape to focus on impact and align with the evolving interests and values of the younger generations.

Modern community groups, like effective altruism groups, take on a more global and outward-looking approach with a strong emphasis on impact. They envision the role Australia can play in creating a better world for all its inhabitants, for generations to come, considering the well-being of our communities in Australia and beyond, irrespective of factors such as location or species. These communities are now at the heart of young Australians' philanthropic endeavours, concentrating on finding the most impactful solutions. However, in contrast to their traditional counterparts, these contemporary networks often struggle to gain access to Deductible Gift Recipient (DGR) status. To secure the success and longevity of these groups, it's essential to acknowledge their importance and adapt our philanthropic regulations accordingly.

With this in mind, my submission focuses on two main issues:

1. Updating DGR status to reflect the values of contemporary Australians
2. Empowering DGR-status charities to help shape government policy for improved community representation

## Issue One: DGR status

Animal welfare and global catastrophic risk reduction should be DGR classes

The most pressing issue I see is that DGR status needs to be broadened to include the causes young people today care about—specifically, reducing global catastrophic risks and supporting animal welfare.

I want to engage with my community around reducing catastrophic disaster risks, but currently, DGR community organisation around these issues seems limited to groups like my local volunteer rural fire service. While I support their work, the weight of evidence doesn't show it to be the most impactful way I could help address catastrophic risks. There are many risks we face that are even more catastrophic than bushfires – or even existential – such as

those posed by nuclear war, pandemics, climate change, and emerging technologies like artificial intelligence.

If organisations working on reducing the risk of catastrophic disasters had DGR status, they would be better able to help me connect with my peers and volunteer to make a difference. I know that, post-COVID and given the conflict in Ukraine, many of my peers share concerns about future pandemics and the need to reduce the risk of nuclear war. These are modern concerns, but DGR regulation hasn't kept pace.

Similarly, my peers and I care deeply about animal welfare. While the animal charities I support can be considered "charities" under the Charities Act, they can't attain DGR status under the Tax Act. I understand this is because DGR status is limited to areas like short-term direct care and rehabilitation of lost or mistreated animals. While any animal suffering is a tragedy, it seems far more effective to give DGR status to charities seeking to prevent animals from needing this kind of direct care in the first place. Prevention is better than cure, so why should the law incentivise treatment over prevention?

I believe the exclusion of these two cause areas from DGR status hinders our ability to make a difference. These causes are recognised by sophisticated charity evaluators as high-impact and allowed to accept tax-deductible donations internationally, but excluded here in Australia. If the Government wants to increase donations to charities and boost the ability of charities to build social connections, it needs to grant DGR status to these high-impact cause areas that today's Australians are passionate about.

## Issue Two: Policy Advocacy

### 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 aligns with a charitable purpose.

While this is a good policy, it largely misses the real problem. The actual issue is that DGR status is almost essential for effectively raising funds and employing talented staff, but the gateways to DGR status are narrow and typically exclude organisations with a primary focus on policy or advocacy.

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 receive 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 DGR classes so that advocacy-focused organisations can obtain DGR status. This problem is most evident in animal welfare, where DGR status is limited to certain kinds of animal rehabilitation.

Charities that want to advocate for rules and approaches that prevent animals from needing rehabilitation in the first place don't get DGR status and are therefore limited in their ability to advocate.

Implementing 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

Australia has a unique opportunity to redefine and revitalise its philanthropic sector, transforming it into a powerful force for positive change both locally and globally. By addressing the current limitations in DGR status allocation and fostering a more inclusive environment for advocacy-focused charities, we can create a sector that truly reflects the values and priorities of modern Australians.

Embracing the principle that prevention is better than cure, we can work towards a charitable sector that not only addresses existing suffering and catastrophes but also proactively seeks to prevent future harm. The most effective charities can achieve a substantially greater impact than the average charity, but our current systems lack the mechanisms needed to incentivise these high-impact organisations or to empower donors to make informed decisions based on impact. By implementing the recommendations outlined in this submission, we can create a more equitable, dynamic, and impactful charitable sector.

These reforms will not only strengthen our democracy and better connect communities around shared values, but they will also position Australia as a global leader in philanthropy. This, in turn, has the potential to reverse the brain drain and attract more innovative and impact-focused charities to our shores. By taking these steps, Australia can maximise its potential to make a positive, lasting impact on the world, leaving a legacy of which future generations can be proud.

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