

My name is Arshia Jain. I am a second-year postgraduate university student at the University of Melbourne where I am studying the Master of Public Policy and Management.

As a student of public policy, I am interested in bettering society through laws, regulations and initiatives that solve problems and support good causes. For this reason, I am writing to you today about reforming Australian charity laws to ensure they remain aligned with the values of my generation.

I believe that creating incentive structures within charity laws that encourage organisations to tackle issues that are most important to younger generations of Australians can help achieve objectives such as boosting donations and enhancing community involvement.

Consequently, I would like to raise with the Inquiry:

1. The need to realign DGR status with the values of today's Australians (2.ii, 3.ii, 5, 6)
2. The way in which DGR-status charities shaping Government policy can make democracy work better for communities (3.i, 5, 6.iii)

Animal Welfare as a whole should be a DGR class, not just short-term direct care of animals

Some issues that are of increasing importance to my generation are climate change and living a more eco-friendly, sustainable lifestyle through personal changes such as shifting eating habits towards a more plant-based diet.

Currently, most animal welfare charities are not afforded DGR status. Many of these animal welfare charities are doing extremely important and have a vast moral support base but are restricted in the financial support they current receive due to current legislative restrictions. Charities with DGR status are able to raise more funds as well as attracting and retaining talented staff due to being granted the ability to receive tax-deductible donations and offer substantial benefits to employees. Ultimately, DGR status lets organisations do far more and a lack of DGR status greatly disadvantages and limits organisations that are otherwise doing very impactful and important work for society.

According to 2018-19 data, roughly \$3.9 billion is donated to DGR endorsed charities in Australia. A further \$66 million is donated through workplace giving programs and large corporate donation matching schemes. Many animal welfare charities that work in the advocacy space were excluded from partaking in this share of the philanthropic funding market.

I am concerned about animal welfare, including in our agricultural sector. I know, both from public polling and from interactions with my friends, family and community, that this concern is widely shared by Australians and only growing.

I think the phrasing of the charitable purpose regarding animals in the *Charities Act* makes sense. "Preventing or relieving the suffering of animals" is a clear and laudable concept. However, the way that 4.1.6 of the *Tax Act* narrows that down to organisations whose principal activity is "*providing short-term direct care to animals (but not only native wildlife) that have been lost, mistreated or are without owners*" or "*rehabilitating orphaned, sick or injured animals (but not only native wildlife) that have been lost, mistreated or are without owners*" is obviously unreasonable.

The more impactful way to help animals is a holistic approach that seeks to prevent cruelty from occurring, pursues sensible regulation about how society at large treats animals, and also provides direct care to animals that fall through the cracks. Complex problems have complex solutions.

Limiting DGR – a significant boost to the efficacy of charities who can access it – to only short-term, reactionary solutions instead of long-term systemic changes limits the impact of the cause overall.

I understand there are concerns that a dramatic expansion of DGR status could have impacts on the tax base. I think, if DGR is going to be expanded gradually, prioritisation should be based on where the most positive impact can be achieved per dollar, and with a view to aligning DGR status with the values of modern Australians.

Charity evaluators, in their work assessing the potential good that could be achieved by working on different causes, consistently agree that animal welfare is one of the most impactful ways to do good. As a proxy for interest in the community, Roy Morgan has found that the trend in vegetarian eating continues to grow, with 2.5 million people in Australia (over 12% of the population) now eating all or almost all vegetarian. About 1 Australian decides to go meat-free every 5 minutes. Obviously, not everyone who cares deeply about animal welfare is a vegetarian, but this indicates that a very significant portion of the Australian population is motivated by this concern. Despite how widespread this view is, the community is currently underserved by charity law. This limits the extent to which we can make tax-deductible donations and limits the positive impact we can achieve through our donations.

The Role of Charities in Shaping Public Policy

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.

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.

Charities holding DGR status should have the ability to engage in non-partisan policy advocacy. While theoretically, charities, including those with DGR status, can support or oppose specific policies or laws without backing any particular party or candidate, the limited DGR categories restrict many types of charities from obtaining DGR status due to the way they pursue their goals. This creates an imbalance in our democratic system, where profit-driven companies possess significant funds to spend on lobbying and frequently gain tax benefits for doing so. On the other hand, individuals in society who are passionate about certain causes usually lack the resources to organize themselves and are not entitled to tax advantages. This situation must change to create a more equitable democracy, foster community connections around common concerns, and boost charitable contributions.

Conclusion

I have contributed to efficient charitable organizations and am dedicated to assisting local philanthropic and community groups. As time progresses, I aspire to increase my involvement in these efforts. I firmly believe that the recommendations I have proposed in this submission would simplify my engagement and enable other Australians to contribute more and participate actively in their communities. Implementing these changes could significantly enhance the positive impact of our collective endeavours.

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.