

Inquiry into Philanthropy Submission

I strongly feel that charity laws have failed to keep up with the issues that matter most to my peers and I. As a Gen Z woman, I believe that we do not have the same kinds of philanthropic organizations supporting us and our values as older generations do. My opinion is that charity laws should incentivize organizations that address the issues that are most important to younger generations like mine. By doing so, we can encourage greater community engagement and increase donations towards causes that truly matter to us.

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. Allowing Public Benevolent Institutions to properly support their communities (2.iii, 3.i)
3. The way in which DGR-status charities shaping Government policy can make democracy work better for communities (3.i, 5, 6.iii)

As an active contributor to effective charitable causes and local philanthropic and community groups, I would ideally like to increase my involvement and impact over time. I firmly believe that the recommendations outlined in my submission would facilitate my engagement and enable other Australians to donate more and participate more actively in their communities. These changes could almost dramatically increase the good we achieve through this work.

The need to realign DGR status with the values of today's Australians

I believe that animal welfare as a whole, and not limited to short-term direct care of animals, should be a DGR class (Information request 4). My concern for animal welfare, including in our agricultural sector, is shared by many Australians and is growing, as evidenced by public polling. Although the current phrasing of the charitable purpose regarding animals in the *Charities Act*- "Preventing or relieving the suffering of animals"- is commendable, the limitation in Section 4.1.6 of the *Tax Act* to only include organizations providing short-term direct care or rehabilitating orphaned, sick, or injured animals is unreasonable.

I propose a more holistic approach to animal welfare that prevents cruelty from occurring, advocates for sensible regulations regarding society's treatment of animals, and provides direct care to animals in need. Limiting DGR status to only "band aid solutions" hinders the overall impact of the cause. While expanding DGR status may impact the tax base, a gradual approach that prioritizes the most impactful causes, based on where the most positive impact can be achieved per dollar, and aligns with modern Australian values can be implemented.

Animal welfare is consistently recognized as one of the most impactful ways of doing good by charity evaluators, and the growing trend in veganism among Australians (as many as 2.5

million vegans and vegetarians) indicates a significant portion of the population is motivated by this concern. However, the community is currently underserved by charity law, which limits the extent to which tax-deductible donations can be made and the positive impact that can be achieved through these donations.

Allowing Public Benevolent Institutions to properly support their communities

The *Charities Act* should be amended to resolve confusion about PBIs, including “dominant purpose” (Information request 6). The regulation of Public Benevolent Institutions (PBIs) is outdated and needs to be integrated into the *Charities Act*. The Law Council of Australia and the ACNC are constantly debating the meaning of cases from the 1930s and 1940s that define how PBIs can operate, and this is not useful for organizations, communities, or their ability to engage in charitable activities effectively. The legal debate has lost sight of the policy intent. One example of this lack of focus on outcomes is the disagreement over the interpretation of “dominant purpose.” The ACNC believes that a charity that is a PBI must have its PBI-purpose as its “overriding” purpose and cannot have other purposes from the *Charities Act*, whereas the Law Council thinks that having a purpose from the *Charities Act* should not disqualify a PBI. This debate is not helpful because it is buried in arcane case law that doesn't have a clear interpretation and is not aligned with the government's policy intent.

PBIs can only have a single charitable “purpose” (and it must involve providing relief to specific humans in need). For example, for Effective Altruism Australia, that purpose is global health and poverty, meaning they can't work across multiple causes (like the environment, or animal welfare) because that would risk them being deregistered by the regulator. Such organizations are therefore, constrained in their ability to raise funds, do impactful work, build social connections, and enhance communities in Australia.

The government's policy is not concerned with a charity pursuing multiple purposes, which is evident from the fact that the *Charities Act* allows a charity to have multiple purposes. This makes sense because it is inefficient to require separate organizations for different charitable purposes, and it creates administrative inefficiencies. This has real-world implications for how PBIs can engage in fundraising, do impactful work, and support their communities. The Productivity Commission should recommend amendments to the *Charities Act* to override the common law and create a new charity type that is not mutually exclusive with other charity types. The details of this can be resolved through consultation with the ACNC and government decision-making.

DGR-status charities shaping Government policy can make democracy work better

The DGR status barrier has led to advocacy-focused charities being left out (Information request 4, 5). Charities that have DGR status should have the ability to engage in political policy advocacy. While technically a charity, including those with DGR status, can support or oppose

particular laws or policies as long as they don't promote or oppose specific parties or candidates, in reality, the narrow DGR classifications prevent many types of charities from obtaining DGR status because they pursue their cause "in the wrong way". This creates an asymmetry in our democracy where for-profit companies have the resources to spend on lobbying and often receive tax benefits for doing so, while community members who are passionate about certain causes lack the means to organize around and do not receive tax benefits.

This needs to change to create a more equitable democracy that connects communities around issues they care about and encourages charitable donations. I know I'd feel more confident in our democracy if there were organizations whose values I aligned with had active and powerful voices in the policy conversation. Moreover, 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.

All in all, 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. However, there are currently no systems in place to encourage or enable donors to choose charities based on their impact. By adopting the recommendations presented in this submission, Australia has the potential to become a world leader in philanthropy. This could also reverse brain drain and instead attract more impact-driven charities to Australia, further boosting the country's ability to make a positive impact globally. Not to mention, supporting effective organizations would create a secure, stable, and sustainable world for our future generations by facilitating meeting of climate targets and through the reduction of catastrophes and health risks such as pandemics.