

To The Philanthropy Inquiry team,

My main motivation for donating to charity is that I want to do as much good as I can. For that reason I care about which charities have the most impact. When I know the charity I'm giving to is highly effective and endorsed by organisations I trust, it gives me the confidence to donate more.

I think government policies that focus on impact and increase confidence that impact is being achieved are the key to achieving the goals of this inquiry.

This submission discusses the importance of:

- 1) Expanding DGR status to the high impact cause areas that align with the values of modern Australians (2.ii, 3.ii, 5, 6)
- 2) How policy advocacy can restore trust in democracy (3.i, 5, 6.iii)

Animal Welfare as a whole should be a DGR class, not just short-term direct care of animals (Information request 4)

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 "bandaid solutions" limits the impact of the cause overall.

I sympathise with 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.

DGR Status for Charities Can Improve Democracy (Information request 4 & 5)

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.

In 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.

Kindly,
Sophie Wilcher