

My primary incentive for contributing to charitable causes is to maximize the positive impact of my donations. When I am confident that the organization I am contributing to is effective and endorsed by reputable organizations, I am more willing to donate more. As a conscientious young Australian, I believe that charity laws have become out of sync with the values and priorities of my generation, and that younger Australians do not have access to philanthropic organizations that align with our values as much as previous generations.

Historically, institutions such as RSLs and Rotary Clubs have acted as centres of community identity, which have provided an outlet for generosity, a space for altruistic activity, and a place where people feel like they belonged. Philanthropy continues to play a crucial role in Australia's modern community structure, albeit in a different form. For instance, effective altruism groups are at the forefront of philanthropy among young Australians, with a significant presence in major universities and cities. Groups catering to this demographic include "One for the World", amongst others. While tax-deductible donations can be made to Rotary, they cannot be made to their contemporary equivalents.

Acknowledging these shifting priorities is critical to both increasing charitable donations and enhancing social cohesion. Philanthropy needs to be reformed to align with the interests and values of younger Australians to strengthen the community in this way.

I would like to bring to the Inquiry's attention:

1. The necessity to realign DGR status with contemporary Australian values (2.ii, 3.ii, 5, 6)
2. The removal of arbitrary restrictions on Public Benevolent Institutions to enable them to better work across causes and support community groups (Terms of reference 2.iii, 3.i)

I have worked with local philanthropic community groups and donated to effective charities. If the changes proposed in this submission are considered, it would be easier for me to participate and assist other Australians in donating more and engaging more in their communities. These changes could significantly increase the impact of our collective efforts.

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

I am highly conscious of the animal welfare sector and know that this concern is widely shared by Australians, and is only growing, as evidenced by public polling and personal interactions with friends, family, and the community.

I believe that 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, section 4.1.6 of the Tax Act is unreasonable as it limits charities to organizations 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." A holistic approach is needed to address animal welfare issues, which includes interventions to prevent cruelty from occurring, sensible regulation on how society treats large animals, and providing direct care to animals that fall through the cracks. Limiting DGR to only "bandaid solutions" limits the impact of the cause overall.

While the expansion of DGR status could have implications for the tax base, if DGR is to be expanded gradually, priority should be given to areas where the most positive impact can be achieved per dollar, with the intention of aligning DGR status with the values of modern Australians.

Charity evaluators consistently agree that animal welfare is one of the most impactful ways to do good. For example, Roy Morgan found that the trend in vegetarian eating continues to grow, with over 12% of the Australian population (2.5 million people) eating all or almost all vegetarian. Whilst this indicates that a significant portion of the Australian population is motivated by this concern, this community is currently underserved by charity law, limiting the extent to which we can make tax-deductible donations and the positive impact we can achieve through our donations.

### **The *Charities Act* should amend “dominant purpose” surrounding the PBIs to clear up confusion**

The way Public Benevolent Institutions are regulated from the 1930s and 1940s is outdated and should be absorbed into the Charities Act. The Law Council of Australia and the ACNC are regularly debating the meaning of the cases that define how PBIs can operate, hindering the work done by charitable organizations and communities. The legal conversation has lost track of the policy intent, and this lack of focus on outcomes is exemplified by the dispute over the meaning of "dominant purpose." The ACNC seems to think that a charity that is a PBI must have its PBI-purpose as its "overriding" purpose and, therefore, cannot have other purposes from the Charities Act. The Law Council thinks this reading is a misunderstanding of the meaning of "dominant purpose" and that having a purpose from the Charities Act should not disqualify a PBI.

However, who is "right" does not matter. What *matters* is that having critical definitions about how a charity can operate buried in arcane case law that does not have a clear reading and is not aligned with the government's policy intent is not efficient or effective. "Dominant purpose" is just one example of common law that is no longer helpful, aside from other phrases like "direct relief."

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 precise details can be resolved by ACNC-led consultation and government decision.

Ultimately, Australian charity regulation has failed to keep pace with the changing values and priorities of society. The Productivity Commission has an opportunity to change this sector and align it with the current concerns and aspirations of Australians. While charities with DGR status currently dominate the sector, their focus may not align with the values and priorities of younger Australians. As a result, many important issues may be neglected, and meaningful community support and volunteering opportunities may be lacking. By shifting the focus to impact, the sector can maximize its potential for doing good and inspire greater public engagement and support. This, in turn, can help build the community supports that younger Australians need to make a positive difference in the world.