

Australian charity law is fundamentally misaligned with the philanthropic values and cause-areas that my peers and I most care about.

Communities built on philanthropy are bedrocks of social cohesion. Historically, institutions such as RSLs and Rotary Clubs were centres of community identity. They provided an outlet for generosity, a space for altruistic activity, and a place where people feel like they belonged.

Young Australia is much less engaged with these groups. Their place in our cultural identity has slipped significantly, and unless charity incentive structures are updated to align with what motivates younger Australians, we risk losing these kinds of institutions and the community value they create.

This is not to say that philanthropy no longer plays a role in modern Australia's community structure. It just comes in a different form. A key example of these new networks are Effective Altruism groups, which are now at the helm of the philanthropic community amongst young Australians, with representation in major universities and cities. Effective altruism is not alone in being connected to these demographics, "One for the World" groups are similar. While tax-deductible donations can be made to Rotary, they can't be made to their modern equivalents.

Crucial for understanding the changing shape of the altruistic community is their shifting causes of interest. Rather than an internal or local focus, these groups consider global impacts and are concerned with long-term and catastrophic risk prevention. They also challenge the restrictive moral circles which governed historic philanthropic communities, by focusing on causes like animal welfare, the environment, and mitigating risks of extreme suffering.

We need reforms that seize on these trends and make sure the effective altruism clubs of today can become the Rotary clubs of the future. Strengthening community in this way requires reforming philanthropy to align with the interests and values of younger Australians. Recognising these shifting priorities is the key to both increased charitable donations and increased social cohesion.

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)

I have donated to effective charities, and work to support local philanthropic and community groups. I'd like to do more of this over time. I think the changes I recommend in this submission would make it easier for me to be involved, and also help other Australians to donate more and participate more in their communities. The changes could almost dramatically increase the good we achieve through this work.

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

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.

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 is aligned with a charitable purpose.

That is a good policy, but it largely misses the real problem. The real problem is that DGR status is almost essential to effectively being able to raise funds and employ talented staff, but the gateways to DGR status are narrow and typically exclude any framings around 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 get 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 out DGR classes so that advocacy-focused organisations can get DGR status. This problem is most obvious in the space of animal welfare, where DGR status is limited to certain kinds of animal rehabilitation. Charities that want to advocate for rules and approaches that mean animals don’t need rehabilitation in the first place don’t get DGR and are therefore limited in their ability to advocate.

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.

Overall, Australian charity regulation has become outdated. Charities with DGR status are the lion's share of the sector, but DGR status is not aligned with my values or the values of my peers. This means that charities aren't focusing on many of the things I care about, and aren't providing the community support and volunteering opportunities that are meaningful to me.

The Productivity Commission has a chance to make recommendations that realign the sector with the values of today's Australians. Applying the lens of impact could greatly increase the amount of good that the sector can achieve, which in turn would drive donations and build the community supports that younger Australians need. I've seen too many talented Australians whose values align with mine leave for the UK or USA to do high-impact charity work because Australia doesn't have a workable ecosystem for their values. This is hurting our community, our democracy and our future.