

The nonprofit sector in Australia accomplishes a great deal of good, yet it has the potential to achieve significantly more. There are several constraints impacting the Australian nonprofit sector, and I would like to submit a proposal addressing two key areas relevant to the Productivity Commission's investigation into the sector. These include:

- Expanding DGR eligibility to cover a range of socially critical cause areas currently excluded
- Permitting Public Benevolent Institutions to operate across multiple cause areas
- Enabling DGR entities to participate & strengthen our democracy

Expanding DGR eligibility to cover a range of socially critical cause areas currently excluded

In my view, the most pressing issue is the need to expand DGR eligibility to include matters of critical public concern, which are presently excluded. Specifically:

- Mitigating global catastrophic risks
- Promoting animal welfare

I am eager to engage with my community on minimizing catastrophic disaster risks, but at present, the community organizations addressing these risks seem limited to entities like my local volunteer fire brigade. While I appreciate the efforts of the local fire brigade, it does not align with my skills and interests. If organizations focusing on reducing catastrophic disaster risks were granted DGR status, they would be better equipped to facilitate connections between like-minded individuals and offer volunteer opportunities. I am aware that, in light of COVID and the war in Ukraine, many of my peers are increasingly concerned about the possibility of worse future pandemics and the need to minimize the risk of nuclear conflict. These modern worries have not been sufficiently addressed by current DGR regulations.

Similarly, my peers and I are deeply invested in animal welfare. Although the animal charities I support qualify as "charities" under the Charities Act, they are not eligible for DGR status under the Tax Act. This is due to the restriction of DGR status to short-term, direct care and rehabilitation of lost or abused animals. While any animal suffering is tragic, it is clear to me that it would be more effective to grant DGR status to charities working to prevent animals from requiring such direct care in the first place. Prevention is superior to treatment, so why should the law favor the latter over the former?

I strongly believe that the exclusion of these two cause areas from DGR eligibility hinders our ability to effect positive change. Sophisticated charity evaluators recognize these causes as high-impact and eligible for tax-deductible donations worldwide, yet they are excluded in Australia. If the government wants to increase charitable donations and enhance charities' capacity to foster social connections, it must extend DGR eligibility to these high-impact cause areas that modern Australians are passionate about.

Permitting Public Benevolent Institutions to operate across multiple cause areas

One PBI that I am actively engaged in is Effective Altruism Australia (EAA). EAA inspires individuals to contribute positively to society, guiding them in making significant philanthropic donations, organizing reading groups, and providing counsel on high-impact careers.

However, EAA's classification as a "Public Benevolent Institution" restricts its community builders' activities to align with EAA's focus on global health, poverty, and "incidental" subjects.

For example, EAA community builders likely cannot organize a reading group on animal welfare since it isn't "incidental or ancillary" to global poverty. It's difficult for me to comprehend why the law would prevent Australia's leading effective altruism organization from adequately supporting university-based effective altruism clubs. While I recognize that a charity should have some limitations to prevent potential abuse, supporting university clubs and city groups sharing the same philosophy and philanthropic objectives falls well within the typical scope of philanthropy. Considering the Terms of Reference emphasize building social connections, it appears to be a straightforward yet significant improvement to suggest the Government remove restrictive, PBI-specific regulations concerning "dominant purpose" that hinder PBIs from engaging with their communities.

By enabling PBIs to pursue additional charitable objectives, my group and I would have more opportunities to engage with our community and discover additional ways to contribute positively. I believe effective altruism clubs and related organizations, such as One For The World, can become enduring sources of connection for younger Australians. However, we need immediate regulatory changes for our organizations to develop together.

Enabling DGR entities to participate & strengthen our democracy

I think that involving more charities with DGR status in public policy discussions would improve our democratic system.

Large corporations have easy access to government and frequently influence policy decisions, often to society's detriment – environmental issues being a prime example. I understand that companies can typically deduct lobbying expenses from their taxes. It's illogical for profit-driven entities to have incentives and access to government while organizations striving for a better future through policy changes are usually ineligible for DGR status. This weakens our democracy.

The public should have the strongest voice in public policy. They care about concerns such as global catastrophic events and animal welfare – but currently, DGR status is not accessible to charities aiming to foster community engagement and participate in policy debates on these subjects. Increased involvement by better-funded charities would promote community engagement and facilitate a more nuanced and inclusive public discourse.

Conclusion

In general, Australian charity regulation has become antiquated. Charities with DGR status comprise the majority of the sector, yet DGR status doesn't align with the needs and values of my community. Consequently, we are hindering the work of high quality philanthropic groups striving to benefit our society. This negatively affects participation, social cohesion, and ultimately results in worse outcomes for our communities.

The Productivity Commission has the opportunity to propose recommendations that realign the sector with modern Australian values and strengthen our community, democracy, and future.