

Mr Alex Robson
Deputy Chair
Productivity Commission
Level 8, 2 Melbourne Quarter Collins St
Docklands Vic 3008



5 May 2023

Re: World Animal Protection Submission to Philanthropy Inquiry

Dear Commissioners,

Thank you for the opportunity to participate in the Philanthropy Inquiry. We welcome the actions from the government in instigating this inquiry and supporting proposals to update outdated standards pertaining to charitable giving in Australia.

This inquiry presents an excellent opportunity to help reform these outdated and no longer fit-for-purpose regulations, to increase philanthropic giving within Australia, and to ensure we have a strong charity and not-for-profit sector that is fit for the future. Our submission will focus on the issues relating to charities regulation that have a particular impact on animal welfare charities.

Deductible Gift Recipient Framework

World Animal Protection would like to see the Productivity Commission review the Deductible Gift Recipient (DGR) Framework, as it pertains to animal welfare charities. Currently, animal welfare is not recognised as a specific category under

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the *Income Tax Assessment Act 1997* (Cth). Instead, there is a complex framework under which animal welfare charities may be eligible, either under the 'Welfare and Rights' category, or as a 'Registered Environmental Organisation'. The different eligibility criteria between the two categories leads to a lack of certainty and can produce inconsistent outcomes in terms of eligibility.

Furthermore, the restrictive definition of what constitutes an animal welfare charity, according to the *Income Tax Assessment Act 1997*, limits the number of animal welfare charities eligible for DGR status. The Australian Taxation Office (ATO) definition is far narrower than the definition used by the Australian Charities and Not-for-profits Commission (ACNC). Under the current definition, only animal welfare charities whose 'core business' is either: "Providing short-term direct care for animals (but not only native wildlife) that have been lost, mistreated or are without owners" or "Rehabilitating animals that are orphaned, sick or injured (but not only native wildlife) that have been lost, mistreated or are without owners." This leaves many ACNC registered animal welfare charities without DGR status, including many charities working to improve welfare standards for farmed and captive wild animals.

The effective exclusion of a large portion of the animal welfare charity sector while other charity sector organisations are granted this status is clearly inequitable. Why should animal welfare charities with a focus on advocacy not be eligible for this status when so many other charities are?

This is also not in line with community sentiment which increasingly views animal welfare as important. Specifically, animal charities are consistently in the top three causes Australian donors support, with 41% of givers classified as 'highly motivated'



to support this cause.¹ Furthermore, the 2018 Future Eye report commissioned by the Department of Agriculture, Fisheries & Forestry, found that “95% of people view farm animal welfare to be a concern and 91% want at least some reform to address this.”² In light of these compelling findings, the current limited definition of an animal welfare charity under the legislation, is not in line with community expectations.

A vibrant democracy requires equal opportunities for competing interests to engage in debate and influence policies. Many charitable organisations play a critical role in the development of policies and laws in Australia. Without dismissing the clear benefits of on-ground animal rescue and rehabilitation work, improving animal welfare in Australia necessarily involves advocating for changes to either the law or government policy, as a means to achieve longer-term benefits for animals and the broader community that cares for them.

Charities use the support they receive from donations to perform a vital function in raising public awareness, representing causes of their stakeholders and providing expert advice and opinions to government on the best policy approaches to address systemic problems identified by their work.

The Australian community care about animals, and they care about the welfare of animals. It is time we had a DGR framework in Australia that better reflects that reality.

¹ More strategic, Australia's most profitable causes (webpage, accessed 4 May 2023)

<https://morestrategic.com.au/australias-most-popular-causes/>

² Future Eye, *Australia's Shifting mindset on farm animal welfare* (2018 report) 4.



Support for other submissions

World Animal Protection would also like to note our support for the detailed submission lodged by the Australian Alliance for Animals which we co-signed. They provided a detailed case in support of reforms to tax concessions for animal welfare charities, to allow them to compete for talent more effectively in the competitive recruitment space. We fully endorse their submission.

Thank you for your consideration on this important matter. We consent to our submission being published and shared.

Sincerely,

Ben Pearson
Country Director
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Australia and New Zealand