

To whom it may concern,

My name is Caitlin Wise; I am a 30 year old woman; I work as a Kindergarten assistant; I am studying a bachelor degree part-time through online delivery in order to become a primary school teacher; I live a vegan, eco-conscious lifestyle and I am a passionate advocate for animal rights.

I would like to share with you some of the views and beliefs I hold and hope you will consider them carefully and compassionately.

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 preventing human extinction.

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.

In this Submission I raise the following issues:

- 1) The availability of DGR status for high impact cause areas
- 2) The potential good that could be achieved by Australian based charity evaluation
- 3) The importance of policy advocacy by charities, including the potential to make our democracy fairer.

Although I'm a member of the community, not a charity, my views are representative of many of my peers. Further, I think the Productivity Commission should weigh the views of community members. Community members aren't bound by constitutions to make particular kinds of arguments and, ultimately, its members of the community like me that Government wants to donate more and be more involved in community organisations.

As I see it, the most important issue is that DGR status needs to be broadened to include things that young people today care about – specifically reducing global catastrophic risks and supporting the well-being of animals.

I want to engage with my community around the reduction of catastrophic disaster risks, but currently, the community organisation around these kinds of risks seems limited to things like my local volunteer fire brigade. I of course support the work of the local fire brigade, but it's not a fit for my skills and interests. If organisations working on reducing the risk of catastrophic disasters had DGR status they would be better able to find ways for me to connect with my peers and volunteer to do good. I know, post-COVID and given the war in Ukraine, that a lot of my peers are really worried about worse future pandemics and the need to reduce the risk of a nuclear war. These are modern concerns, but DGR regulation hasn't kept up.

In the same way, my peers and I care deeply about the welfare of animals. While the animal charities I support can be "charities" under the *Charities Act*, they can't get DGR status under the *Tax Act*. I understand that this is because DGR status is limited to things like the short-term direct care and rehabilitation of lost or mistreated animals. While any animal suffering is a tragedy, it's obvious to me that it would be far more effective to give DGR status to charities that are seeking to prevent animals from needing this kind of direct care in the first place. Everyone knows prevention is better than cure, so why should the law incentivise treatment over prevention?

I really think the exclusion of these two cause areas from DGR status is detrimental to our ability to do good. These causes are recognised by sophisticated charity evaluators as being high-impact and allowed to accept tax-deductible donations internationally, but excluded here in Australia. If Government wants to increase donations to charities and increase the ability of charities to build social connections, it needs to give DGR status to these high-impact cause areas that today's Australians are so passionate about.

I am deeply 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.

I am glad that the Australian Competition and Consumer Commission (ACCC) has started taking fraud associated with “Green Washing” seriously. The ACCC acknowledges that environmental claims can be a powerful marketing tool; that companies are increasingly using environmental claims in an attempt to differentiate themselves and their products from the competition; and that many consumers consider environmental claims as a major factor when evaluating products to purchase.

While I appreciate that the ACCC is taking its function of tackling these most egregious examples seriously, the underlying problem is much broader. First, the issue obviously is not limited to the environment – all kinds of ways of “doing good” are used for marketing. Second, the legal threshold of “misleading or deceptive conduct” is very high. There is a range of ways that carefully worded materials can suggest a product or initiative is doing good, where in reality the extent of that good is marginal. Third, a fundamental market failure is the underlying problem and it should be addressed.

We know from extensive charity evaluation overseas – supported by methodologically similar evaluations of social programmes – that the most impactful initiatives are orders of magnitude better at achieving their desired outcome (like saving a life, or preventing an animal from suffering) than the average initiative. In the case of consumer goods, a person might be persuaded to buy one product over another, but if they get home and find out that the product they purchased was 100 times worse than a competitor’s product for the same price, the feedback loop is short enough that the better product would rapidly win out in the market. It’s hard to imagine what a car or t-shirt or bar of soap that is 100 times better than another product of the same price would even look like. Certainly, such products aren’t readily available on the market.

However, in the charity marketplace, widely divergent initiatives do coexist. Fundamentally, this is because donors do not have a direct feedback loop with their donations. Donors assume that charities vary in quality in a similar magnitude that other products vary in quality. Metaphorically, “any bar of soap on the shelf is probably going to be fine”. But this isn’t the case.

Market failure runs deeper than the misleading and deceptive conduct that the ACCC is rightly addressing. Instead, it is proper that the Australian Government lead the way by establishing a charity evaluator that helps communicate to Australians how wide the variance in charity impact is and guides Australians towards increasing their impact. Importantly, governments already do this in sectors that lack this kind of feedback loop. For instance, the Australian Tax Office has created a YourSuper comparison tool. Why not do the same for charities?

Furthermore, 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, however, 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, therefore, I urge you to take into account all that I have outlined within this submission and use this information to inspire positive change.

I trust that the viewpoints I have presented will be a valuable starting point for the consideration of a more inclusive, progressive and just philanthropic future for all Australians.

Regards,  
Caitlin Wise.