

title

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NOTE TO ME: The productivity commission wants to:

- Increase donations by resolving hurdles and creating opportunities
- Build social capital, make communities reconnect, and to strengthen communities

Introduction/Summary

To the Productivity Commission,

I am writing in response to the Commission’s inquiry into philanthropic giving and community strength in Australia. I believe that a crucial step into boosting philanthropic giving and promoting community cohesion is to reform the laws surrounding the eligibility of organisations to receive DGR status. Currently, many charities in new and emerging fields are not eligible for DGR status. This includes charities in animal welfare and those aiming to reduce the risk of catastrophic disasters (e.g. the adverse effects of climate change), for which there is much support especially amongst younger generations. The lack of DGR status throttles the capacity of these charities and their communities to be impactful and sustainable. In this submission I will argue for the importance of DGR status for sustaining philanthropic giving and social cohesion, and where the current laws fail animal welfare and existential risk reduction organisations.

The importance of DGR status

Philanthropic communities have been a core aspect of Australian social identity in the past. Historically, RSLs and Rotary Clubs have been the pillars of community identity and social cohesion in that they offered an accessible form of altruism readily adopted by the demographics of the time as well as an accessible space for belonging and social activity. The Young Australians of today appear far less engaged with these spaces than previous generations, and these clubs no longer act as community centres. I argue that this isn’t due to a lack of empathy or altruistic motivation, but to a change in values. As a young Australian myself, I can attest to the fact that almost everyone in my social circles is highly altruistically motivated by the causes of climate change prevention, animal welfare, wildlife preservation, and global health and development. A large reservoir of potential community cohesion and philanthropic giving exists, but the current laws surrounding charity status prevent this from happening. Without DGR status, individuals may be less willing to donate their income. Employees at these organisations may also be harder to find and retain, due to certain benefits exclusive to DGR status charities not being available. Were spaces in these areas to become the modern RSL or Rotary Club, I believe we would see a significant increase in philanthropic giving and social capital simultaneously. Better yet, I encourage the Productivity Commission to consider new laws that are ‘future-proof’; laws and frameworks that can account for further shifts in concerns and values in the future.

DGR Status for Animal Welfare Charities

Concern for the welfare of animals, both in the wild and in agriculture, is shared widely in my communities and this concern seems to be increasing. Unfortunately, Section 4.1.6 of the *Tax Act* states that only an animal welfare charity that 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 eligible for DGR status. In my opinion, and I believe in the opinion of many others in my community and social circles, this is a severe restriction and misinterpretation of the charitable purpose that the *Charity Act* suggests: "preventing or relieving the suffering of animals". To bolster my claim that concern for animal welfare is increasing, I'd like to mention that Roy Morgan's findings show that 2.5 million Australians (12% of the population) is either nearly or entirely vegetarian. While not everyone goes vegetarian for animal welfare purposes, and not everyone who supports animal welfare is vegetarian, I believe that this is a useful proxy in understanding how under-served animal welfare is in charity law. This is a large percentage of our national community who cannot make tax-deductible donations to a cause that they care about and limits the positive impact that can be achieved.

However, I do appreciate that there may be adverse effects in widely expanding those organisations that are eligible for DGR status. Obviously, not every animal welfare charity should be eligible for DGR status by default, but I believe there is plenty of room for the laws surrounding DGR status to be expanded in this area and that it would be a missed opportunity not to do so.

DGR Status for the reduction of Catastrophic Risk

Another, similar issue with the current laws related to DGR status that I'd like to highlight is for charities concerned with the reduction or prevention of catastrophic/extreme risks. Two charities which I donate to regularly are the International Campaign to Abolish Nuclear weapons (ICAN) and the Alliance to Feed the Earth in Disasters (ALLFED). Both are entirely or partially concerned with the prevention of nuclear war, a risk on the minds of many Australians thanks to the ongoing Russia-Ukraine conflict. Both of these charities can accept tax-deductible donations from people in other countries, but they cannot from those in Australia as they are not eligible for DGR status. According to the *Tax Act*, a "defense charity" may be granted DGR status for the repair of war memorials (Section 5.1.3) or the recreation of the members of the armed forces (Section 5.1.2) but not for the prevention of nuclear war. I believe that, in the minds of many, this indicates a clear issue with the current laws surrounding DGR status. I think this is also a large missed opportunity in boosting philanthropic giving and social cohesion and I encourage the Productivity Commission to reform the relevant laws for these and similar charities (such as for the prevention of pandemics or catastrophic natural disasters). Additionally, supporting these charities stands to strengthen the resilience of our nation and may have huge benefits not only to us but to the international community.

Final remarks

In this submission, I have argued for the importance of DGR status for the construction and maintenance of social and altruistic communities. I have also highlighted how the current laws fall short of this goal. I hope that the Productivity Commission sees the available potential, and considers these arguments throughout their inquiry.