

To Whom It May Concern,

My main motivation for donating to charity is that I want to do as much good as I can. Because of that motivation, I care about which charities have the most impact. When I know the charity I'm giving to is highly effective and endorsed by organisations I trust, it gives me the confidence to donate more.

I think government policies that focus on impact and increase confidence that impact is being achieved are the key to achieving the goals of this inquiry.

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 maturity of international approaches to charity evaluation (3.ii, 6.iii)
3. 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.

DGR status for the reduction of catastrophic risk (Information request 4)

I want to donate money to reduce the risk of catastrophic disasters, but because of the limited availability of DGR status, there aren't that many organisations that work in this area and those that do can't accept tax-deductible donations.

For instance, I care about the work of the International Campaign to Abolish Nuclear Weapons (ICAN). I think the risk of nuclear weapons is largely ignored by society, despite it being catastrophic. Some experts think the yearly chance of a nuclear war could be as high as 1% – which seems scarily-plausible with the situation in Ukraine and elsewhere. If I want to live a long life, and have kids who grow old, a 1% chance each year of a nuclear war that kills billions is totally unacceptable. Despite ICAN winning a Nobel Peace Prize for its works, and being able to accept tax-deductible donations in many other countries, it can't do that in Australia.

ICAN is just one example. There are smaller organisations, like the Alliance to Feed the Earth in Disasters (ALLFED) who are similarly trying to reduce the risk of nuclear war and other global catastrophes, similarly accept tax-deductible donations in other countries, but also can't get DGR status in Australia.

I don't understand why a "defence charity" can have DGR status for the repair of war memorials (*Tax Act 5.1.3*) or the recreation of members of the armed forces (*Tax Act 5.1.2*), but not for the prevention of a nuclear war.

Overall I think that organisations working to reduce global catastrophic risk should have DGR status. Nuclear war is one example of such a risk, but pandemic prevention and catastrophic natural disasters should also be included. More work being done in these areas could have huge benefits for Australia and the world. I care about these issues – and so do my peers. We want to organise around

them in our community and donate money towards them – but without them being included as a DGR class, that’s really difficult.

Charity evaluation is a practical change that could make a big difference (Information request 7)

There’s a right balance between money spent on marketing and fundraising, operations, and charitable interventions themselves. I want to donate to charities that get that balance right. But currently, I have almost no information about the impact that most Australian charities achieve. Absent that information, it’s difficult to know how best to direct my donations.

I worry that some well-known charities spend large proportions of their donations on building their brand, but may ultimately be having little positive impact on the issues that they purport to care about. When I buy a service for myself I can judge if it’s good. But if I buy a service for someone in need, I don’t get any feedback.

A robust charity evaluation system would allow donors to sort the “wheat from the chaff” and make donations to organisations having a significant positive impact on the world. It would also decrease cynicism around charity more generally and lead to a higher overall degree of trust and support for charity in the community.

Talking to my friends and family, they’re often excited to learn about organisations like GiveWell, Animals Charity Evaluators, Giving Green, and Founders Pledge because of the robust, evidence-based assessments that they make of the actual impact of charities and their initiatives. The problem is that many people haven’t heard of these evaluators, and they haven’t evaluated many Australian charities.

I think an Australian Government funded or endorsed charity evaluator could transform philanthropy in Australia.

I understand that there might be some practical concerns with charity evaluation of this kind. A few specific observations could alleviate most of those concerns. Specifically:

- **Practicality.** While a decade ago the practicality of charity evaluation may have been in question, a range of charity evaluators are now operating and have developed mature models to conduct evaluation. The Australian Government now has several practical options to implement charity evaluation, including building off existing expertise in the field or contracting with a proven company.
- **Resourcing requirements.** Based on public materials, and converted to Australian dollars, Charity Navigator's budget is in the order of \$6m per year and GiveWell's is in the order of \$15m per year. ACNC reports that donations to Australian charities increased to \$12.7b dollars in 2022, and Government aspires to double giving. On that basis, Australia could have a well-resourced charity evaluator for roughly 0.1% of the value of the sector. Given overseas charity evaluators have the ability to make their users’ donations orders of magnitude more impactful, this is a bargain.
- **Opt-in model.** If evaluation was opt-in, charities that don’t think they have the resources to measure their impact, or otherwise have concerns about evaluation, could choose not to participate. This could facilitate a graduated rollout of evaluation.

Overall, charity evaluation is a mature field, affordable to do, and can greatly increase the good work done by philanthropy in Australia. In the same way governments should do evidence-based policy, it should help Australians to do evidence-based charity.

The DGR Status Barrier: Why Advocacy-Focused Charities Are Left Out (Information request 4, 5)

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.

Government must lead the way

In addition to the above arguments, if the Australian Government wants to double philanthropic giving and increase impact, it should lead from the front.

Australia's Overseas Direct Aid as a proportion of Gross National Income (GNI)—the official measure of development assistance—is expected to remain at the 2021–22 level of 0.20%.

This continues to place Australia well below the OECD Development Assistance Committee (DAC) country average of 0.32%.

In 2020 Australia ranked 21 out of 29 OECD DAC countries on the generosity of its aid, measured by the ODA-to-GNI ratio. On current estimates, Australia's ODA-to-GNI ratio is expected to tail off to 0.17% by 2025–26.

The UN's ODA target is to spend 0.7 per cent of GNI on ODA every year. If the Australian Government wants to double giving by its citizens, it should show that it means business by doubling its own giving and focusing on using evidence to double the impact of the giving that it does do.

I trust this information and perspective has been valuable to the Productivity Commission.