

Introduction

Hello,

I'm Justin Olive, a former health science researcher at Deakin University and investment analyst in the Department of Education. I'm an enthusiastic member of local philanthropic groups, as well as a participant in the Giving What We Can Pledge - a commitment to donating 10% of lifetime income to effective charities.

As an active participant in the philanthropic sector, I've decided to begin an explanation of current deficits in philanthropy policies using an example from my experience: I am a committee member of AI Safety Melbourne, a community group for individuals who are interested in how humanity can mitigate the risks of developing advanced AI systems. AI safety is frequently cited as one of the most difficult and important issues of the 21st century^{1,2}, and is a central concern for Australian government officials^{3,4} and leading AI experts⁵. Despite this, organisations which focus on AI safety or other global catastrophic risks are not eligible for DGR status.

It is common within the AI safety community to volunteer significant amounts of time to activities such as research, public advocacy and discussion groups. There is even a growing number of individuals, of whom I am included, who have delayed or discontinued paid employment in order to work on AI safety full time.

Although community involvement continues to grow at an impressive rate, the lack of resourcing means that the current approach to AI safety is unlikely to be sustainable in the long-term; the exclusion of such organisations from achieving DGR status severely limits their access to financial support, which hinders their long-term capacity to make progress.

Informed in part by these experiences, I have developed two recommendations which seek to shape Australia's approach to focus on scaling impactful approaches to philanthropy.

¹ [Research Priorities for Robust and Beneficial Artificial Intelligence: An Open Letter - Future of Life Institute](#)

² [The Malicious Use of Artificial Intelligence: Forecasting, Prevention, and Mitigation - Oxford University](#)

³ [MP tells Australia's parliament AI could be used for 'mass destruction' in speech part-written by ChatGPT | Australian politics | The Guardian](#)

⁴ [AI safeguards urgently need, warns eSafety commissioner \(themandarin.com.au\)](#)

⁵ [Three \(plus\) questions with Turing Lecturer Stuart Russell | The Alan Turing Institute](#)

Rationale:

As the Productivity Commission will be aware, charitable giving suffers from its own specific market failures, which arise because donors rarely have a clear understanding of what their donations will achieve. This results in two negative consequences:

1. The lack of reliable guidance for donors means that the charity sector as a whole provides much less benefit than if donors were informed and incentivised to donate to high-impact organisations.
2. The public loses faith in the not-for-profit sector due to perceptions of inefficiency and ineffectiveness⁶.

The current framework for incentivising donors is likely to exacerbate many of these issues; relatively low-impact organisations are provided with entirely the same benefits as the highest impact organisations. Not only this, there are significant gaps in the criteria for DGR status which mean that some high-impact issues face severe resource constraints.

Resolving these issues would promote confidence and certainty within the philanthropy community, as well as providing novel, attractive targets for funding.

As such, the main focus of the following recommendation is to address point #2 from the terms of reference, specifically regarding “*opportunities to increase philanthropic giving*” and “*their potential impact*”, as well as point 3.ii, which focuses on how Australia can evaluate charities to keep donors informed.

Recommendations

Recommendation 1: Eligibility and scope of benefits should be determined based on positive impact and organisational requirements

As illustrated by the AI safety example, there is a significant amount of ‘potential energy’ stored within the existing not-for-profit community; this potential can be unlocked by re-aligning the scope and eligibility of benefits with the expected positive value from a given initiative.

One low-hanging-fruit option for minimising these impacts is to redefine Australia’s approach in a way that reinforces the importance of evidence-based, high-impact programs to both organisations and donors. This would involve re-calibrating the current tiered system to ensure that pro-social, not-for-profit organisations are supported to the degree that they have a comparative advantage in delivering value to society.

The following factors could be used to guide the updated criteria:

- The scope and scale of an organisation’s activities.
- The degree to which an organisation is able to resolve issues that arise from market failures.
- The expected benefit to pro-social ideals such as wellbeing, safety and resilience, as well as the strength of the supporting evidence.

Redesigning the criteria in this way would both broaden the overall scope of Australia’s philanthropic sector, as well as increase its capacity to create a positive impact.

⁶ [Why has trust in charities been declining? \(theconversation.com\)](https://theconversation.com/why-has-trust-in-charities-been-declining-2023-09)

For an example of how this could be implemented, here is an example of 3 categories in which organisations and benefits can be defined:

Category	Target organisation	Benefits
Not-for-profit 'Moderate impact'	Organisations that provide a widely appreciated but moderate benefit to the public. Although they do not seek to resolve any critical market failures, they contribute to a more vibrant community, and would be unsustainable without specific forms of support. Examples: local community groups, religious organisations, sports clubs, arts & performance organisations.	Benefits should be calibrated to support long-term sustainability of organisations in this category, but not necessarily to incentivise significant philanthropic investment. Accessing benefits should have minimal administrative burden.
Charity 'Medium impact'	Any organisation which aims to protect or improve the wellbeing of humans or the natural world. These organisations address a critical market failure. E.g. organisations with initiatives pertaining to international aid, disaster mitigation & recovery, scientific research, health, education, the environment or animal welfare.	Organisations within this category should receive benefits which promote investment in and expansion of their programs.
Priority Area Partnership 'High impact'	These organisations are those which not only meet the criteria for a 'Charity', but can also demonstrate that their programs are highly effective at achieving results in a given priority area. See Recommendation 2 for further detail.	Organisations which qualify for this category have access to additional benefits which are designed to scale their programs as effectively as possible.

Recommendation 2: Establish a program for evaluating and rewarding high-impact charities

As alluded to in point 3.ii of the ToR, organisations such as GiveWell, The Life You Can Save, and OpenPhilanthropy provide a positive indication that charity evaluations are both feasible and valuable. Whether this can be scaled to operate as a Government program is a question which deserves thorough investigation.

There are numerous benefits and risks for establishing this type of program.

The obvious benefit would be providing the philanthropic community with an objective source of information on the impact of their donations. This can help foster excitement and commitment among donors, just as evaluators such as GiveWell have achieved within the effective giving movement.

Another potential benefit was mentioned as part of Recommendation 1; the ability to provide additional support to charities when evidence suggests their programs can achieve outsized impacts compared to other interventions. I'm referring to this arrangement as a 'Priority Area Partnership' to provide a working title.

A prioritisation scheme could greatly assist the Government in achieving its aim of doubling philanthropic donations by 2030. This is because it would allow the implementation of programs which promote donations to a cohort of verified, high-impact charities; i.e. types of interventions would be unfeasible or detrimental if applied to all charities more generally.

Examples of these additional benefits include:

- Subsidies for advertising in public-owned spaces (e.g. in public transport infrastructure)
- Incentives for matched donation schemes. For example:
 - A program whereby employers who operate matched donation schemes are reimbursed a percentage of the amount donated.
 - Matched donation programs within public service organisations.
- Subsidies for collaborative research initiatives between charities and universities
- Prioritisation within funding programs, such as foreign aid or research funding.

Although the potential benefits of a charity evaluation program are easily conceptualised, the risks might be harder to forecast. Here is a summary of the risks which I believe require further investigation and consideration before trialling an evaluation program.

1. **Objectivity:** The question of what constitutes a ‘high impact’ charity may prove to be highly contentious within the philanthropic sector. As such, it will be necessary to have clear, unambiguous metrics and guidelines that can be used to assess positive impact objectively. This approach will likely be polarising, and no set of metrics will satisfy all stakeholders.
 - a. The following is an example of how a charity may be evaluated:
 - i. Strength of evidence supporting the scale and severity of the problem, and the effectiveness of the chosen intervention.
 - ii. Cost effectiveness of the proposed intervention.
 - iii. Capacity to scale programs without diminishing returns or negative externalities (e.g. disrupting local economies)
 - iv. Transparency and accountability of the organisation; detailed information available which describes the programs, and a rigorous process for quantifying and monitoring the effectiveness of their interventions.
2. **Independence:** As with any Government rating scheme, it will be vital for the criteria to be developed, and for decisions to be made, as part of an independent process. The FSANZ health-star rating scheme is an example of an evaluation program which was heavily influenced by industry, and as a result, is neither scientifically valid nor trusted by the public, constituting a missed opportunity and an inefficient use of resources.
 - a. The most concerning possibility is that influential organisations and actors in the philanthropy community will be tempted to use their leverage to shape the evaluation process to align with their existing programs. This would defeat the purpose of creating an evaluation program, which is to provide a “Gold Standard” that organisations can aspire to achieve.
3. **Accuracy & Confidence:** Measuring and comparing the impact (or potential impact) of charities can be extremely difficult, even with an independent, scientifically rigorous methodology. It may be somewhat easier to compare charities with definitive outcomes,

such as organisations who aim to alleviate poverty or achieve definitive health outcomes. However, it will be much more difficult to rate and compare organisations who are striving to achieve more ambiguous outcomes. For example, it may be more difficult to quantify the impact of programs in risk-mitigation areas such as biosecurity or nuclear disarmament. The evaluation process will need to ensure that a focus on objective, definable metrics will exclude highly impactful charities whose work is harder to quantify.

Overall, I hope these recommendations can provide helpful guidance for increasing the scale and effectiveness of charitable giving in Australia.