

**Submission to the  
Productivity Commission  
Review of Philanthropy**

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I think the Australian Government should support all charities that do substantial good - whether it be in safeguarding humanity from natural disasters or misaligned AI, preventing animal cruelty, reducing poverty or improving health, preventing existential threats like nuclear war, and potentially other issues - I support any charity that effectively works to reduce suffering or enhance wellbeing. At the moment, Australia seems to have some odd restrictions on which of my donations are tax deductible, making it harder for myself and others to support the most impactful charities. In our rapidly changing world, the government is lagging a bit to keep on top of emergent issues like AI safety, though it's pleasing to see the current Productivity Commission review of philanthropy and call for submissions.

I also think that communities built on philanthropy are valuable for the health & wellbeing of Australians. Historically, institutions such as RSLs and Rotary Clubs were centres of community identity and bedrocks of social cohesion. They provided an outlet for generosity, a space for altruistic activity, and a place where people felt they belonged. Our current generations are less engaged in such groups and potentially a lot more fractured, but there is some movement towards more cohesive social communities that are aligned & oriented towards global challenges like climate change and AI. If the government wants to support strong community networks, it needs to keep up-to-date with the issues that younger generations care about.

In this submission I will discuss:

- 1) Expanding DGR status to the high impact cause areas that align with the values of modern Australians (*Terms of reference 2.ii, 3.ii, 5, 6*)
- 2) Removing arbitrary restrictions on Public Benevolent Institutions so they can better work across causes and support community groups (*2.iii, 3.i*)
- 3) The benefits of rigorous charity evaluation and how Australia compares with other countries on this (*3.ii, 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 could help myself and other Australians to donate more, to the best causes, and feel more engaged in our community.

### **1. Expanding DGR status to high impact cause areas**

I'd like to donate money to reduce the risk of global catastrophic disasters, but because of the limited availability of DGR status, organisations that work in this area 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 chance of a nuclear war could be as high as 1% per year which translates to 67% within the next 100 years, even without factoring in the recent Russo-Ukrainian situation. If I want to live a long life, and have kids who grow old, the probability 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 similarly are able to accept tax-deductible donations in other countries but 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 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 AI safety along with 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 difficult.

## **2. Removing arbitrary restrictions on Public Benevolent Institutions**

I support Effective Altruism Australia (EAA) and the work they're doing to help effective altruism groups in universities and major cities. These EA groups are getting people excited about doing good, helping them think about impactful donations, running reading groups, and giving advice about impactful careers. But EAA's status as a "Public Benevolent Institution" limits the work of its community builders to looking only at global health and poverty and "incidental" topics.

For instance, EAA community builders probably can't facilitate a reading group on animal wellbeing because the wellbeing of animals isn't "incidental or ancillary" to global poverty. I find it hard to understand why the law would stop the peak body of effective altruism in Australia from properly supporting effective altruism clubs in universities. I understand that a charity shouldn't just be able to do anything, because that would open up the system to abuse, but supporting university clubs and city groups with the aforementioned goals/interests/values is well within the normal operation of philanthropy. Given that the Terms of Reference are based on building social connection, it seems like a simple change for big improvement if the Government removes narrow, PBI-specific rules around "dominant purpose" that prevent PBIs from doing valuable work in their communities.

## **3. An Australia charity evaluator**

I am excited 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.

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 might also decrease cynicism around charity more generally and lead to a higher overall degree of trust and support for charity in the community.

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. There needs to be a better ratio between the money they spend on administration vs. the money spent on actual effective programs. 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. And without that, it's difficult to know how best to direct my donations.

We know from extensive charity evaluation overseas – supported by methodologically similar evaluations of social programmes – that the most impactful initiatives can be 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 100 times better than the average would even look like. 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 about as much as the products they can buy. Metaphorically, "any bar of soap on the shelf is probably going to be fine". But this isn't true for charity effectiveness.

Charity evaluation is now a sufficiently mature field, affordable to do, and could greatly increase the good work done by philanthropy in Australia. In the same way governments should develop evidence-based policy, they should also support evidence-based charity.

## **Final remarks**

Australia has the potential to create a world-leading philanthropic sector. Currently though, Australian charity regulation is outdated. Charities with DGR status are the lion's share of the sector, but DGR status is not aligned with all my values or those of my peers. This means that charities aren't focusing on many of the things I care about, and aren't providing all the community support and volunteering opportunities that are meaningful to me. We already know that the most effective charities can have a substantially greater impact than the average charity, but there are no mechanisms in place currently to incentivise impact or guide donors to choose the best charities based on evidence of impact.

I'm appalled that Australia ranked 21 out of 29 OECD DAC countries in 2020 in terms of aid generosity. The Productivity Commission has a chance to make changes 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 a community that supports the altruistic motivations of current generations. I've seen too many passionate Australians leave for the UK or USA to do high-impact charity work because Australia doesn't have a workable ecosystem for their values.

By implementing the recommendations outlined in this submission, Australia could move towards becoming a global leader in philanthropy. This may in turn attract more impact-focused charities to Australia, further enhancing the country's ability to make a positive impact in the world.