

Dear Productivity Commission,

My name is Sidney and I'm a 23 year old software engineer working at Canva, an online design tool founded in Australia. I have an interest in effective giving as a result of reading *The Life You Can Save*. Last financial year, I donated 5% of my take home pay to an Education fund from *The Life You Can Save*. However, that was not my first option (although I am certainly convinced that this was an excellent choice!) — instead, I chose them because I could not find an effective animal charity with DGR status / tax-deductibility in Australia. It appears to me that due to the scale and neglectedness of non-human animal suffering, philanthropic donation in this area would have an outsize impact for any investment. In the US alone, 9.7 billion vertebrate land animals are killed for food each year. Somewhere between 787 billion to 2.3 trillion vertebrate fish are killed every year. It seems highly effective to help improve the lives of animals in areas which are currently underfunded, such as farmed animals, wild animals and animals in research. Therefore, I am encouraged to see the recommendations to expand DGR status to animal charities beyond direct short-term care.

Further than improving the DGR system, I think that the current proposals can be more effective at ensuring that our money is disbursed effectively. I agree with the arguments that evidence that more effectiveness information would influence giving is mixed, but it still appears as though we can do more than we are currently in terms of ensuring that money goes to effective charities. It seems clear that the government can help charities improve their own effectiveness, and in my experience the accessibility of effectiveness information can be greatly improved in Australia — perhaps part of why people primarily give emotionally.

The draft report acknowledges that many charities lack resources and relevant skills to measure impact (page 296) and notes that many donors don't prioritise net benefit to the community when giving charitably (page 293). This seems to me to be a compelling case for government involvement in impact evaluation.

I believe the draft report sets an unnecessarily high bar for impact evaluation. Many viable options do not require "mandating standardised measures or metrics of charity effectiveness across all charities" (page 30). The key insight is that highly impactful interventions can often do 10 or 100 times more than average interventions and this disparity in impact is much wider than in typical markets, making any government guidance towards effective giving especially valuable.

Given this, I urge the Productivity Commission to review:

- "Donors vastly underestimate differences in charities' effectiveness" by Caviola, L; Schubert, S; Teperman, E; et al.
- "Don't Feed the Zombies" by Kevin Star in the *Stanford Social Innovation Review*
- "How much do solutions to social problems differ in their effectiveness? A collection of all the studies we could find" by Benjamin Todd

I propose the following suggestions to increase the effectiveness of philanthropic giving:

1. Address the identified skills gap by providing charities that want to improve their impact with guidance and toolkits for developing their theory of change, collecting evidence and conducting evaluations. It would make sense for the government to pilot approaches to tackle this skills gap.
2. Adopt “optional, opt-in measures that suit participating organisations” rather than “mandated standardised quantitative measures”. This would be more achievable, aligned with the terms of reference, and less likely to lead to unintended consequences. In this proposal, the government would be actively involved in impact evaluation, but the goal would be to incrementally encourage impact thinking across the sector.
3. The draft report notes on page 295 that donors can already access effectiveness information from non-government sources like The Life You Can Save and GiveWell. However, neither evaluator has ever assessed an Australian charity. The report notes that charity comparison websites can be eligible for DGR status. Contrary to the draft report's findings, these observations actually show that donors cannot access effectiveness information about charities operating in Australia and that the current incentive structure is insufficient to generate that information. On that basis, the final report should recommend that the government offer grants to organisations that can conduct impact assessments of services delivered in Australia. Grants could attract overseas charity evaluators (like GiveWell) to Australia, encourage non-charity evaluators (like Choice) to work in this space, or encourage Australian charity evaluators (like The Life You Can Save) to work on domestic charities.

Again, I fully support the draft report's finding that the current DGR system needs reform and should be replaced by a simpler system that creates fairer and more consistent outcomes. I am particularly pleased with the proposal to expand DGR status for animal welfare charities. Removing barriers for these charities will ensure that all donors to this cause are supported, creating a level playing field and enabling more funding to be directed at high-impact charities.

Thank you for considering my feedback.

Regards,
Sidney Pham