

To Whom It May Concern,

I have donated to, and worked with, local philanthropic and community groups for several years.

My submission discusses four areas:

- 1) Expanding DGR status to high impact cause areas which concern many Australians (2.ii, 3.ii, 5, 6)
- 2) PBI rules should not hamper community building (2.iii, 3.i)
- 3) The benefits of rigorous charity evaluation (3.ii, 6.iii)
- 4) How policy advocacy can restore trust in democracy (3.i, 5, 6.iii)

Issue One: Expanding DGR status to high impact cause areas which concern many Australians

Current DGR regulation seems to be overly restrictive and misaligned with modern Australian values.

Organisations working to reduce global catastrophic risk should have DGR status. Many of us are concerned about major risks like war, pandemics and AI, but unable to make tax-deductible donations to relevant organisations in Australia.

ICAN can win a Nobel Peace Prize for its works, and accept tax-deductible donations in many other countries, but it can't get tax-deductible donations in Australia.

Alliance to Feed the Earth in Disasters (ALLFED), who work to reduce the risk of nuclear war and other global catastrophes, can 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 (*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. This makes little sense.

Animal Welfare as a whole should be a DGR class, not just short-term direct care of animals. I don't understand why DGR status is mostly limited to the short-term direct care and rehabilitation of lost or mistreated animals. It would be far more effective to give DGR status to charities that are seeking to prevent animals from needing this kind of direct care in the first place.

It is clear that a lot of Australians also agree. Roy Morgan has found that the trend in vegetarian eating continues to grow, with 2.5 million people in Australia (over 12% of the population) now eating all or almost all vegetarian. About 1 Australian decides to go meat-free every 5 minutes. Obviously, not everyone who cares deeply about animal welfare is a vegetarian, but this indicates that a very significant portion of the Australian population is motivated by this concern.

I really think the exclusion of these two cause areas from DGR status hurt our ability to do good. If Government wants to increase donations to charities and increase the ability of charities to build social connections, it needs to give DGR status to these high-impact cause areas that Australians are passionate about.

I've seen many talented Australians whose values align with mine leave for the UK or USA to do high-impact charity work because Australia doesn't have a workable ecosystem for their values. This is hurting our community, our democracy and our future.

Issue Two: PBI rules should not hamper community building

I support Effective Altruism Australia and their work to get people excited about doing good, making impactful donations and having impactful careers.

I therefore think that it is a problem that Effective Altruism Australia's status as a "Public Benevolent Institution" limits the work of its community builders to align with EAA's work on global health and poverty and "incidental" topics.

For instance, I think that it is a problem that 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 same philosophy and philanthropic goals is well within the normal operation of philanthropy.

Given the Terms of Reference are framed around building social connection, I recommend the Government to remove narrow, PBI-specific rules around "dominant purpose" that prevent PBIs from doing work in their communities that would foster social connection.

A change to allow PBIs to also pursue other charitable purposes would help me and my peers to be more involved in our community and find more ways to do good. I think effective altruism clubs and similar groups, like One For The World, have the potential to be life-long sources of connection for younger Australians. But we need regulatory changes now so that we and these organisations can grow together.

Issue Three: The benefits of rigorous charity evaluation

Charity evaluation is very important to me as I think we need to evaluate our efforts to do good. I would encourage the Productivity Commission to review:

- *Donors vastly underestimate differences in charities' effectiveness* by Caviola, L; Schubert, S; Teperman, E; et al. available online at <http://hdl.handle.net/10871/122268>, and
- *Don't Feed the Zombies* by Kevin Star in the Stanford Social Innovation Review, available online at https://ssir.org/articles/entry/dont_feed_the_zombies

I am in favour of a having an opt-in charity evaluation system that will help donors to pick good charities and have the positive impact they desire. I think that having better charity evaluation would decrease cynicism around charity more generally and increase trust and support.

I support and use organisations like GiveWell, Animal Charity Evaluators, Giving Green, and Founders Pledge for their robust, evidence-based evaluations. Many people I know also use these services.

Unfortunately, these evaluators haven't evaluated many Australian charities and there are no

local alternatives.

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

Charity evaluation is practical to implement because we can build off existing expertise or contract proven companies. It is relatively low cost on expectation: Charity Navigator's budget is in the order of \$6m AUD per year and GiveWell's is in the order of \$15m AUD 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. That's very good value for something that could result in higher efficiency and impact.

Charity evaluation also doesn't have to be divisive. It can be opt-in so that organisations that don't have the resources to measure their impact, or have concerns about evaluation, can choose to not participate.

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.

Issue Four: How policy advocacy can restore trust in democracy

Many charities that focus on policy change as a primary means of achieving their goals are excluded from DGR status. This exclusion should be reconsidered, as charities that work to prevent catastrophic disasters or promote animal welfare through policy change have a valuable role to play in the public policy conversation.

In many cases, and particularly in the area of averting catastrophic risks, engaging with the government on policy is crucial for achieving better outcomes for the world.

For example, while there is a valuable role for non-government organisations like the International Campaign Against Nuclear Weapons to play in reducing nuclear risk, at the end of the day, it is governments that possess the nuclear weapons stockpiles, set the rules about the acquisition of fissionable material and nuclear technology, and ratify international treaties.

Charities have real value to add to these conversations. Including investing resources in policy analysis, accessing global talent, and progressing the public policy conversations. In many ways, the activity of the not-for-profit sector on a topic reduces the burden on governments. Historically, many important policy ideas that have shaped modern society have emerged from outside of government - like the 40-hour work week or approaches to tobacco safety.

Conclusion

Australian charity regulation has become outdated. Charities with DGR status are the lion's share of the sector, but DGR status is not aligned with my values or the values of my peers. This means that charities aren't focusing on many of the things I care about, and aren't providing the community support and volunteering opportunities that are meaningful to me and my peers.

We already know that the most effective charities can have a substantially greater impact than the average charity, but currently, there are no mechanisms in place to incentivise

impact or empower donors to choose the best charities based on their impact.

By implementing the recommendations outlined in this submission, Australia can become a global leader in philanthropy. This could reverse the brain drain and attract more impact-focused charities to Australia, further enhancing the country's ability to make a positive impact on the world.

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

Thank you for the time spent reading it.

Signed,

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