

## Submission Summary

By expanding the scope of deductible gift recipient (DGR) status and improving charity evaluation, we can increase charitable donations by increasing who gives and how much they can give, and increase societal impact of philanthropy, consistent with the aims of the Review of Philanthropy.

### Specific Terms of Reference Addressed

- The need to realign availability of DGR status to be more consistent with the values of today's Australians (2.ii, 3.ii, 5, 6)
- The good that could be achieved by adopting mature international approaches to charity evaluation (3.ii, 6.iii)

### Why consider the impact of philanthropy and charitable giving?

The potential for charities to create a significant positive impact is often underestimated by donors. Research has shown that the most effective charities can be 10 or even 100 times more impactful than average charities<sup>1</sup> in addressing similar problems or areas. When comparing across areas,

A school-based deworming programme could give an extra year of healthy life for roughly \$28-\$70 (according to internationally recognised charity evaluator GiveWell<sup>2</sup>). In contrast, new drugs to treat cancer tend to be recommended if they provide a year of healthy life at around \$45,000-\$75,000, or about 1000x difference in cost for the same outcome: one year of healthy life.

Beyond global health, there are other cause areas where philanthropic action can have outside impact, such as those focused on global catastrophic risk reduction. By expanding the scope of DGR status to include these cause areas, we can incentivise impactful work, promote community engagement, and increase charitable donations.

### Deductible Gift Recipient (DGR) status significantly influences decisions about charitable giving.

I am the lead author of a 2022 systematic meta-review on interventions that influence the size and likelihood of charitable donations, *What Works to Increase Charitable Donations? A Meta-Review with Meta-Meta-Analysis*<sup>3</sup>.

In this analysis, we found that one of the most reliable and substantive influences on charitable donations was the tax-deductibility status of a charity, with a tax deduction of \$1 leading to an additional \$1.44 of donations.

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<sup>1</sup> <https://www.givingwhatwecan.org/charity-comparisons>

<sup>2</sup> <https://www.givewell.org>

<sup>3</sup> Saeri, A. K., Slattery, P., Lee, J., Houlden, T., Farr, N., Gelber, R. L., ... & Zorker, M. (2022). What works to increase charitable donations? A meta-review with meta-meta-analysis. *VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations*, 1-17. doi: [10.1007/s11266-022-00499-y](https://doi.org/10.1007/s11266-022-00499-y) [open access]

This means that the provision of Deductible Gift Recipient status for charitable organisations and cause areas should be changed to be more consistent with the values of today's Australians. One example of an area where this change is required is in the cause area of global catastrophic risk.

## Provide Deductible Gift Recipient (DGR) status for charitable organisations and cause areas that can have great impact, especially global catastrophic risk.

Currently, DGR status is not available to charities working to reduce the risk of catastrophic disasters. This limitation hampers the ability of these organisations to raise funds, employ staff, and create a meaningful impact. It also prevents Australians from engaging with and supporting this crucial issue.

Global catastrophic risk reduction encompasses a range of concerns, including climate change, nuclear war, pandemics, and risks from misuse or accidents with advanced artificial intelligence. By providing DGR status to organisations focused on these issues, the Australian government would enable greater investment in research, preparedness, response, and resilience against global catastrophic risks. This would not only help protect Australia's interests and security but also contribute to global efforts to prevent and mitigate the most severe threats to humanity.

I recommend that the Australian government expands the scope of DGR status to include cause areas such as global catastrophic risk reduction. This would enable organisations working on nuclear disarmament, pandemic prevention, and other high-impact issues to raise funds more effectively, allowing them to better serve their communities and address pressing global concerns.

## Follow international examples of charity evaluation to increase the impact of philanthropy and charitable giving.

Building trust in the charity sector is essential for increasing donations and fostering a culture of philanthropy. One way to achieve this is by implementing rigorous charity evaluation mechanisms that allow donors to assess the impact of their contributions. International examples such as GiveWell, Founders Pledge, and Animal Charity Evaluators demonstrate the potential benefits of this approach.

GiveWell is a prominent charity evaluator that conducts in-depth research to identify and recommend the most cost-effective and evidence-based charities (<https://www.givewell.org>). As an example of the power of this kind of impact evaluation, GiveWell's evidence-based recommendations directed \$500M USD in charitable donations in 2021. Their evaluation process involves assessing each charity based on criteria such as evidence of effectiveness, cost-effectiveness, transparency, and room for more funding. They prioritise interventions that have a strong track record of success, are supported by rigorous research, and can demonstrate a clear path to impact. GiveWell's recommendations provide donors with the confidence that their contributions are making a significant positive difference.

I recommend that the Australian government establish and promote a charity evaluator modelled on GiveWell's best practices. In line with the inquiry's scope (Terms of Reference 3.ii), an Australian-based charity evaluator could focus on identifying and promoting high-

impact local and international charities, providing donors with reliable information on effectiveness and efficiency. This would help to build trust in the sector, increase donations, and facilitate the creation of more effective charitable organisations. Additionally, it would position Australia as a global leader in philanthropy, attracting more impact-focused charities and fostering a culture of giving.

## Conclusion

By taking the recommendations outlined in this submission into account, the Australian government can make significant progress in increasing philanthropy and creating a more impactful charitable sector. Expanding the scope of DGR status and implementing a robust charity evaluation framework will empower donors, incentivise impactful work, and strengthen community engagement. Ultimately, these changes will help Australia become a global leader in philanthropy, attract more impact-focused charities, and make a tangible difference to people's lives both domestically and internationally.