

I am motivated to do as much good as I can during my life. I am so grateful to have been born a human in a beautiful affluent country such as Australia. Therefore, I want to make the most of my opportunities and resources to donate with confidence to a charity that I can trust is highly effective. I would like to know that my donations are supporting a high impact charity that are endorsed by organisations that I trust and not blindly hope for the best.

Government policies that focus on impact and increase generous donors' confidence that impact is being achieved are necessary to achieve the goals of this inquiry.

This submission discusses:

- 1) Expanding DGR status to the high impact cause areas that align with the values of modern Australians (2.ii, 3.ii, 5, 6)
- 2) The benefits of rigorous charity evaluation (3.ii, 6.iii)

Expanding DGR status to the high impact cause areas that align with the values of modern Australians (2.ii, 3.ii, 5, 6)

Most importantly, I want to stress that in order to best tackle the most significant issues young people care about today DGR status needs to be broadened to include charities - specifically reducing global catastrophic risks and supporting the well-being of animals

I look forward to connecting and promoting with my community the reduction of catastrophic disaster risks. However currently, the community contribution towards reducing these risks are limited. Bright-minded young people who have the potential to do a lot of good are unable to find opportunities to work on these risks that suit their skill, knowledge and interest. Whilst volunteering at the local fire brigade is an option and I support their work, it is possible that more future lives can be saved if I focused more of my energy that are fit for my skills and interest. It seems likely that myself and other motivated individuals would risk burnout from working in an organisation that is not a good fit. It is a great loss for someone who wants to do good to start but eventually burns out and does not do any good at all or finds themselves so uncertain with donating that they don't donate at all.

If DGR status would be inclusive of organisations working on reducing the risk of catastrophic disasters I would be better able to find ways for me to connect with my peers and volunteer to do good.

Given recent global events such as COVID-19 and the Ukraine war, it is increasingly worrying for myself and my peers that our future is at risk to more deadly pandemics and the possibility of a nuclear war. These are pressing concerns that dedicated organisations could have a greater chance to make progress if DGR regulations would include supporting these modern pressing problems.

Similarly, me and my peers also care deeply about the welfare of animals. Unfortunately under the *Tax Act* the animal charities I support can't get DGR status. Since, DGR status is limited to things like the short-term direct care and rehabilitation of lost or mistreated animals, I miss the opportunity to save many more lives. While all animal suffering is a tragedy it's clear to me that 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. Undoubtedly incentivising prevention before treatment is going to a lot more effective.

The exclusion of both catastrophic disaster risks and preventive animal welfare cause areas from the DGR status is definitely affecting our ability to use our resources to do good. Internationally reliable charity evaluators have assessed that the charities that effectively support these cause areas are high impact and are allowed to accept tax-deductible donations internationally, but excluded here in Australia. We (Australians) can also be a key player in a global move towards increasing donations to charities and their ability to build social connections. Therefore the government needs to give DGR status to these high-impact cause areas that today's Australians are so passionate about.

The benefits of rigorous charity evaluation (3.ii, 6.iii)

Charity evaluation is a practical change that could make a big difference

Whilst I believe that all charities start with good intentions, not all strike the right balance between spending resources on marketing, fundraising, operations, charitable interventions and research on their impact.

It matters that I donate to charities where this balance is right. But currently, I have very little information to know the actual impact the Australian charity I may donate to is making.

In this attention economy, charities unfortunately do not play on a level playing field when it comes to reaching an audience. I worry that 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 promote. I'd like to trust that organisations dedicated to a cause are in fact directing my money towards a service that does make the most impact.

A rigorous charity evaluator would be able to assess and identify which organisations are having a significant positive impact on the world. I have previously been drawn to charities that tugged at my heart strings and so have been grateful to connect with a community that had a similar experience and have recognised that some charities are a lot more effective than others at making progress on an impactful cause. Myself and my peers are independently needing to navigate a complicated field of charities within Australia. With lack of detailed information about the impact of Australian charities I can imagine a lot of young people who wish to make the world a better place by donating their limited resources become uncertain or even cynical towards charities in general.

Charity evaluators exist internationally and I've been able to give with trust because of the robust evidence-based research that these organisations go through to identify the most high impact charities (GiveWell, Animals Charity Evaluators, Giving Green, and Founders Pledge). However, in Australia such charity evaluators are unheard of and Australian charities are not evaluated.

The Australian Government needs to fund or endorse a charity evaluator to transform philanthropy in Australia.

I understand that there might be some practical concerns with charity evaluation of this kind. A

few specific observations could alleviate most of those concerns. Specifically:

- **Practicality.** Mature models to base charity evaluation exist and are successfully being implemented by a range of charity evaluator organisations such as Give Well. The Australian Government now has several practical options to implement charity evaluation, including building off existing expertise in the field or contracting with a proven company.
- **Resourcing requirements.** Based on public materials, and converted to Australian dollars, Charity Navigator's budget is in the order of \$6m per year and GiveWell's is in the order of \$15m per year. ACNC reports that donations to Australian charities increased to \$12.7b dollars in 2022, and the 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. Given overseas charity evaluators have the ability to make their users' donations orders of magnitude more impactful, this is a bargain.
- **Opt-in model.** If evaluation was opt-in, charities that don't think they have the resources to measure their impact, or otherwise have concerns about evaluation, could choose not to participate. This could facilitate a graduated rollout of evaluation.

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.

Conclusion

Australia can create a world-leading philanthropic sector. We know that the most effective charities can have a substantially greater impact than the average charity but there is no system in place to incentivise impact or empower donors to choose the best charities based on their impact.

If the Australian government implements the recommendations outlined in this submission, we can become a global leader in philanthropy. This can reduce the confusion and attract more impact-focused charities to Australia and further enhance the country's ability to make a positive impact on the world.