

Myself and my peers in their 20s find community in a very different way to those older than us. Our communities are more digital, they straddle cities and sometimes countries and are still experimenting with how we can act as a collective. The issues most pressing to us such as climate change, animal welfare and existential risk are often international and multifaceted. I don't think these values are represented in current charity law. I've been compelled to work in policy advocacy to empower my peers to advocate for their values. I want my peers to have founded trust in their donations, engage in democracy and allow the not-for-profit sector to take action on their behalf.

In this Submission I raise 3 issues:

- 1) Removing arbitrary restrictions on Public Benevolent Institutions so they can better work across causes and support community groups (Terms of reference 2.iii, 3.i)
- 2) The potential good that could be achieved by Australian based charity evaluation (Terms of reference 3.ii, 6.iii)
- 3) The importance of policy advocacy by charities, including the potential to make our democracy fairer. (Terms of reference 3.i, 5, 6.iii)

PBI rules should not hamper community building (Information request 6)

I support Effective Altruism Australia and the work they're doing to help effective altruism groups in universities. During university I started and ran an EA group to find like minded students excited about doing good, helping them think about impactful donations, running reading groups, and giving advice about impactful careers. As a result I and a number of my peers have joined the Giving What We Can Pledge to donate 1-10% of the earnings over our careers to charity. Later, I learned Effective Altruism Australia's status as a "Public Benevolent Institution" limited the work of its community builders to align with EAA's work on global health and poverty and "incidental" topics. I was confused as of course our UNSW EA community was composed of people who cared about different cause areas but were united by making the world a better place than when we were born into it.

For instance, EAA community builders probably can't facilitate a reading group on pandemic preparedness because it 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, it would seem a simple change for a big improvement to recommend to Government to remove narrow, PBI-specific rules around "dominant purpose" that prevent PBIs from doing work in their communities.

A change to allow PBIs to also pursue other charitable purposes would help me and my group 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 and combat the cynicism against philanthropy. But we need regulatory changes now so that we and these organisations can grow together.

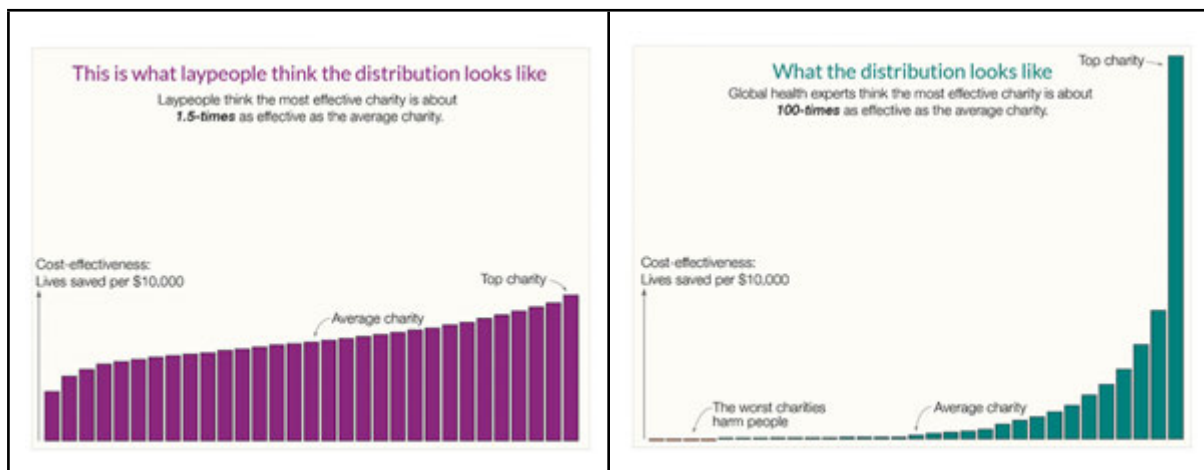
Australian charity evaluation would build confidence (Information request 7)

I know peers who are cynical about charity because it's hard to know if their donation has actually had an impact. People donate for many reasons, sometimes it is to give back to their communities but other times it's because they want to change the status quo. This is important because high-impact charities can be 10 or 100 times more impactful than average charities. Some charitable programs can even do harm.

I would encourage the Productivity Commission to review:

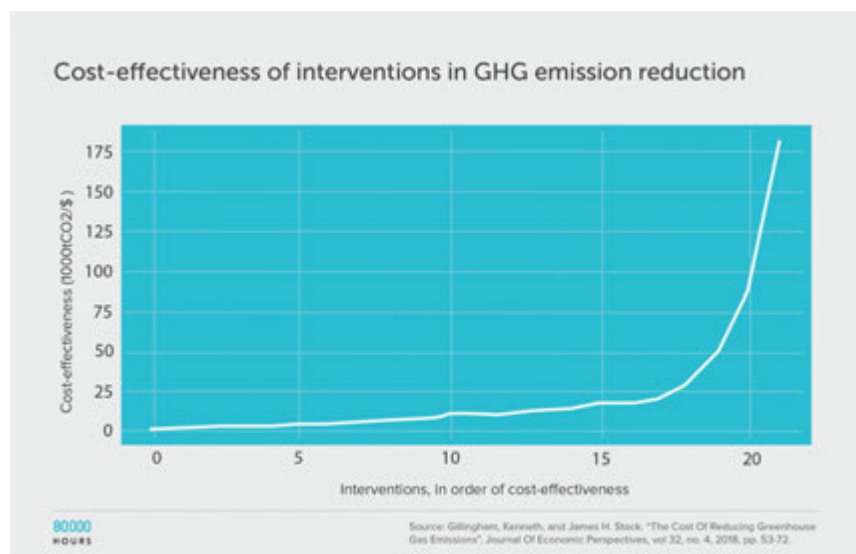
- *Donors vastly underestimate differences in charities' effectiveness* by Caviola, L; Schubert, S; Teperman, E; et al. available online at <http://hdl.handle.net/10871/122268>, and
- *Don't Feed the Zombies* by Kevin Star in the Stanford Social Innovation Review, available online at https://ssir.org/articles/entry/dont_feed_the_zombies

The research is usefully summarised in two illustrations that depict how different the view of the impact of charity is between lay people and experts:



Kevin Star's article usefully explains that there's a kind of market failure in the charity sector, where donors aren't part of the feedback loop and often have no meaningful way of knowing how much value beneficiaries get from their donations. The article outlines how an approach to impact-focused evaluation which he persuasively explains could achieve a "quantum leap toward a better world".

While the above two sources focus on global health, the same effect occurs across countries and across causes. Benjamin Todd's recent article on 80,000 Hours shows a similar distribution of the impact of climate interventions, this is critical information for my peers.



(<https://80000hours.org/2023/02/how-much-do-solutions-differ-in-effectiveness/>)

This insight is essential. While we don't and can't understand how impactful our donations are, and charities have to raise funds in a market that doesn't function, the sector will struggle. This problem is long-standing, but progress in the last 10 years on charity evaluation means it doesn't have to continue. Australia funding and promoting charity evaluation has the potential to fix the market failure, help Australian charities do far more good, and potentially make us a world leader.

The DGR Status Barrier means Advocacy-Focused Charities Are Left Out (Information request 4, 5)

I understand that the ACNC's view is that a charity can promote or oppose a change to law, policy or practice, provided its advocacy is aligned with a charitable purpose. This is exactly why I've been compelled to work in policy advocacy on behalf of my peers.

It is a good policy, but it largely misses the real problem. The real problem is that DGR status is almost essential to effectively being able to raise funds and employ talented staff, but the gateways to DGR status are narrow and typically exclude any framings around policy or advocacy.

So, while it's technically true that a charity can engage in advocacy, DGR charities largely monopolise fundraising and staff attraction, and DGR status is not available to organisations that prioritise advocacy.

In practice, this hamstringing advocacy-focused charities and creates an asymmetry in our democracy. For-profit companies have significant amounts of money to spend on lobbying and often get tax advantages for doing so. But people in the community who are passionate about certain causes often lack the bodies to organise around and certainly don't get tax advantages. This should change, specifically by broadening out DGR classes so that advocacy-focused organisations can get DGR status. This problem is most obvious in the space of animal welfare, where DGR status is limited to certain kinds of animal rehabilitation. Charities that want to advocate for rules and approaches that mean animals don't need rehabilitation in the first place don't get DGR and are therefore limited in their ability to advocate.

This change would make democracy fairer, help connect communities around the things they care about, and encourage donations.

Conclusion

By implementing the recommendations outlined in this submission, Australia can become a global leader in philanthropy. I personally know many of my peers who have left Australia to stronger philanthropic sectors in other countries. This brain drain is sad and I don't want to have to leave either. I hope these changes will attract more impact-focused charities to Australia, further enhancing the country's ability to make a positive impact on the world.

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.