Many young Australians, including many of my close friends and peers, feel more isolated than ever. In years gone by, institutions like Rotary Clubs or other community organisations used to play a role in providing that sense of belonging and a place for community engagement, but many young people still need to find a viable alternative that meets their unique needs and desires today. Updating philanthropic incentive structures to align with the values of younger Australians is necessary for these community-building institutions to become obsolete, and the community value they bring may be recovered.

Despite this shift, philanthropy remains a crucial aspect of modern Australian society, taking on new forms such as effective altruism groups. These groups challenge traditional moral circles by advocating for causes such as environmental protection, animal welfare, and global catastrophic risk reduction. They reflect the changing attitudes and values of young Australians, including myself and my peers.

To strengthen the community and promote social cohesion, it is necessary to recognise and adapt to these changing priorities in philanthropy. By reforming philanthropy to align with the interests and values of younger Australians, we can ensure that effective altruism groups of today become the philanthropic institutions of the future. Seizing these trends is essential for increasing charitable donations and promoting social cohesion.

I would like to raise the following four issues with the Inquiry:
- The need to realign DGR status with the values of today's Australians *(2.ii, 3.ii, 5, 6)*
- Allowing Public Benevolent Institutions to support their communities properly (2.iii, 3.i)
- The maturity of international approaches to charity evaluation (3.ii, 6.iii)
- How DGR-status charities shaping Government policy can make democracy work better for communities (3.i, 5, 6.iii)

I have donated to effective charities and work for a high-impact charity myself. I intend to have a long career in the charity sector to have an impact and build community. I would be more likely to stay in Australia for my career if the changes I am suggesting to be considered were made. Many of my peers have left to pursue charitable careers overseas where the laws align more with the ability to pursue high-impact work as a tax-deductible charity. These changes would also help other Australians to donate more and participate more in their communities and have the potential to significantly enhance the positive impact we can make with our efforts.

Expanding DGR Classes: Recognising the Importance of Animal Welfare and Global Catastrophic Risk Reduction

Expanding DGR status to include animal welfare and reducing global catastrophic risks is critical in addressing the causes that resonate with young people today. Presently, a limited number of community organisations are centred around reducing catastrophic disaster risks, leaving many of us with skills and interests to feel disconnected from the cause. By extending DGR status to organisations that are working towards preventing future pandemics and reducing the likelihood of nuclear war, we can mobilise volunteers and resources more efficiently and make a more significant impact.

Similarly, animal welfare is an issue that is close to the hearts of many of my peers and me. While animal charities can be classified as "charities" under the Charities Act, they are excluded from receiving DGR status under the Tax Act. This is a significant oversight as it discourages charities from focusing on preventative measures, often more effective than direct care and rehabilitation of lost or mistreated animals. To incentivise charities to address the root cause of animal suffering, DGR status must be extended to include organisations that seek to prevent animal suffering.

The current exclusion of these two high-impact causes from DGR status limits our ability to achieve meaningful change. These causes are recognised as essential by international charity evaluators, and it is crucial that the government responds to the passion of young Australians and extends DGR status to these causes. Doing so will not only increase charitable donations but will also foster social connections and inspire more individuals to engage with these vital causes.

PBI definition should not restrict community building

I endorse the efforts of my employer, Effective Altruism Australia in supporting effective altruism groups across universities and major cities. These groups actively encourage people to make a positive impact, helping them identify high-impact donations, facilitating reading groups, and providing guidance on impactful careers; however, due to its classification as a "Public Benevolent Institution", Effective Altruism Australia is restricted in its ability to support community builders working on topics that do not align with its focus on global health and poverty and "incidental" issues. This means that EAA community builders may not be able to conduct reading groups on animal welfare since this topic is not considered "incidental or ancillary" to global poverty.

Limiting the peak body of effective altruism in Australia in this way is counterproductive. While it is understandable that charities should not have carte blanche to pursue any goal, allowing support for university clubs and city groups that share the same philanthropic goals should be considered part of normal philanthropic activity. Making a simple change to remove PBI-specific rules around "dominant purpose" could greatly benefit Effective Altruism Australia and similar organisations like One For The World. These groups have the potential to be a lifelong source of social connection for young Australians, and regulatory changes are needed to ensure they can grow together with these organisations.
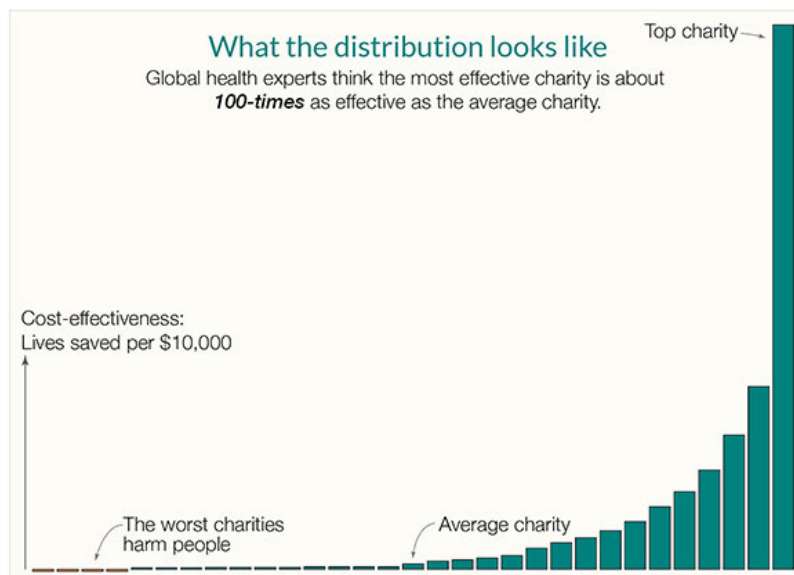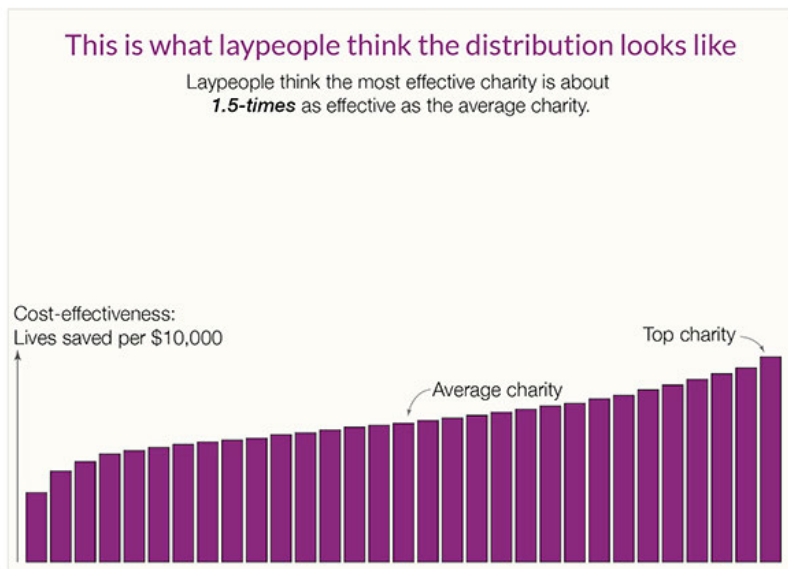
Boost trust in charities in Australia with evaluation

I am motivated by the terms of reference about charity evaluation. This is one of the defining areas that has led me to donate significantly more than I used to. I used to be sceptical about charity because I did not know whether my donations were actually helping, and when I discovered the high quality, evidence-based charity evaluators like GiveWell, it completely changed my mind about how much impact I could have if I gave to the right charity. These charity evaluators showed me that high-impact charities could 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 the following:

- *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
- *Do not 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 study is helpfully presented through two illustrations that illustrate the contrasting views on charity impact between laypeople and experts:

Kevin Star's article offers a valuable perspective on the charity sector, highlighting a market failure where donors need more feedback and are often unaware of the impact of their donations on beneficiaries. He suggests an impact-focused evaluation approach that could significantly improve the situation and create a "quantum leap toward a better world.".

This observation is crucial because without a way for donors to understand the effectiveness of their donations and for charities to operate in a functional market, the sector will continue to face challenges. While this problem has persisted for some time, recent progress in charity evaluation over the past decade offers a solution.

Investing in charity evaluation in Australia has the potential to address this market failure, empower charities to do more good, and position Australia as a global leader in this field.

DGR Status for Charities Can Improve Democracy

In my opinion, it is essential to have more charities with DGR status involved in public policy discussions in order to improve our democracy. Currently, large corporations have easy access to the government and exert a great deal of influence over policy outcomes. This often works against the interests of society, especially when it comes to issues like environmental conservation. It's frustrating to see that companies can even deduct spending on lobbying from their taxes while charities working for social good are typically not eligible for DGR status. This creates a biased incentive structure that hinders our democracy.

The public should have the loudest voice in public policy discussions. People are increasingly concerned about global catastrophes, animal welfare, and other pressing issues. However, unfortunately, charities that want to engage in policy debate and community building on those topics are often excluded from DGR status. This is a major obstacle to fostering a more inclusive and sophisticated public conversation.

By encouraging more well-funded charities to participate in public policy discussions, we can increase community engagement and ensure that a diverse range of voices are heard. Ultimately, this will lead to more effective policies and a more robust, more resilient democracy.

Conclusion

Australia has a unique opportunity to revolutionise its philanthropic landscape and position itself as a global leader in creating sustainable change. Presently, there are no effective mechanisms for donors to incentivise and identify the charities that create the most significant impact. This lack of transparency has resulted in the average charity being less impactful than the best-performing charities. However, by adopting the suggestions in this proposal, Australia could attract more high-impact charities, promote innovation and collaboration, and potentially reverse the brain drain, thereby creating a more vibrant and impactful philanthropic sector. The transformation of the sector could position Australia to become a global pioneer in philanthropy, fostering long-term positive change both domestically and internationally.