

## Introduction

My main motivation for donating to charity is that I want to do as much good as I can. Because of that motivation, I care about which charities have the most impact. When I know the charity, I'm giving to is highly effective and endorsed by organisations I trust, it gives me the confidence to donate more. For example, I feel personally motivated to donate my income to charities aligned with effective altruism and credited by organisations such as Givewell. I feel like charity law has fallen out of step with what my peers and I care most about, and that my generation doesn't have the same kinds of philanthropic organisations supporting us and our values as older generations do. For example, the need to allow DGR status to organisations that work on animal rights and preventing catastrophic risk, like climate change.

In this Submission I raise two issues:

1. The availability of DGR status for high impact cause areas (Terms of reference 2.ii, 3.ii, 5, 6)
2. The potential good that could be achieved by Australian based charity evaluation (Terms of reference 3.ii, 6.iii)

I have donated to effective charities, and work to support local philanthropic and community groups. I'd like to do more of this over time. I think the changes I recommend in this submission would make it easier for me to be involved, and also help other Australians to donate more and participate more in their communities. Assessing charities allows average Australians to make better informed decisions on their donations and updating DGR status expands the range of groups people feel they can align with and donate to. These changes could dramatically increase the good we achieve and the range of areas we make change in.

## DGR Status

I am concerned about animal welfare, including in our agricultural sector. I know, both from public polling and from interactions with my friends, family, and community, that this concern is widely shared by Australians and only growing. I have made a personal choice to be vegetarian for the past two years because of this concern, as have many of my peers and some family members. Particularly young Australians care about the suffering of animals in our agriculture industry, shown by the increase in veganism and vegetarianism. 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. These Australians, young people, and others who care about animal rights would be assisted by the opportunity to express their value of this issue by donating to animal welfare organisations with DGR status.

In the same way, me and my peers care deeply about the welfare of animals. While the animal charities I support can be "charities" under the *Charities Act*, they can't get DGR status under the *Tax Act*. I understand that this is because DGR status is limited to things like the short-term direct care and rehabilitation of lost or mistreated animals. While any animal suffering is a tragedy, it's obvious 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. Prevention is recognised across society as preferable to reactive policy or aid, and I believe our laws should reflect this.

These causes are recognised by sophisticated charity evaluators as being high-impact and allowed to accept tax-deductible donations internationally but excluded here in Australia. 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 today's Australians are so passionate about.

High-impact areas not only include animal welfare but also issues such as catastrophic risk reduction. If organisations working on reducing the risk of catastrophic disasters had DGR status this would better allow individuals to engage with the issues that concern them most. I know, post-COVID and given the war in Ukraine, that a lot of my peers are really worried about worse future pandemics and the need to reduce the risk of a nuclear war. These are modern concerns, but DGR regulation hasn't kept up.

## Charity evaluator

The knowledge that you are doing well, and helping people in an effective way is a huge motivator to people donating to charity. Many people feel lost and overwhelmed by the quantity of charities, alongside knowledge and myths of high overhead costs, greenwashing and embezzlement, this makes them feel unmotivated to donate to charity as it all feels 'too hard'. We want Australian's to feel enfranchised with the community and charity, so we should make it as easy as possible for them to engage with donation and feel informed. The way to do this is by providing an Australian based charity evaluator.

There's a right balance between money spent on marketing and fundraising, operations, and charitable interventions themselves. I want to donate to charities that get that balance right. But currently, I have almost no information about the impact that most Australian charities achieve. Absent that information, it's difficult to know how best to direct my donations. 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 purport to care about. When I buy a service for myself, I can judge if it's good. But if I buy a service for someone in need, I don't get any feedback. An independent body will be able to review charities and provide that feedback to people donating.

Talking to my friends and family, they're often excited to learn about organisations like GiveWell, Animals Charity Evaluators, Giving Green, and Founders Pledge because of the robust, evidence-based assessments that they make of the actual impact of charities and their initiatives. The problem is that many people haven't heard of these evaluators, and they haven't evaluated many Australian charities. 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

In addition to the above arguments, if the Australian Government wants to double philanthropic giving and increase impact, it should lead from the front. Australia's Overseas Direct Aid as a proportion of Gross National Income (GNI)—the official measure of development assistance—is expected to remain at the 2021–22 level of 0.20%. This continues to place Australia well below the OECD Development Assistance Committee (DAC) country average of 0.32%. In 2020 Australia ranked 21 out of 29 OECD DAC countries on the generosity of its aid, measured by the ODA-to-GNI ratio. On current estimates, Australia's ODA-to-GNI ratio is expected to tail off to 0.17% by 2025–26. The UN's ODA target is to spend 0.7 per cent of GNI on ODA every year. If the Australian Government wants to double giving by its citizens, it should show that it means business by doubling its own giving and focusing on using evidence to double the impact of the giving that it does do. As a voter and citizen of Australia, I want to feel proud of my country for encouraging philanthropy and donation, and with the current statistics that is just not possible. Australians are globally perceived as kind, friendly and generous people, not only do I want to continue this perception, but I want to ensure this is not only the perception but the tangible reality of Australian's global impact.

Thank you for hearing my thoughts and concerns. Updating the DGR status and creating an Australian charity evaluator will support the community and moral of Australians, allowing them to contribute better to the world and feel more engaged with the contemporary Australian charity movement. I trust this information and perspective has been valuable to the Productivity Commission.