

Dear Productivity Commission,

My name is Monika Janinski, I am a Victorian citizen with an interest in making a positive impact on society, including through philanthropy. This inquiry caught my attention as I have volunteered for charities of both DGR and non-DGR status, and I was surprised to learn that certain charities, such as those involved in impactful policy work for animal welfare, are ineligible for DGR status. This discovery has compelled me to contribute to the feedback on your draft report.

Firstly I wish to thank you for the opportunity to review the draft report. It was encouraging to see the positive recommendations and the potential they hold to transform the for-purpose sector in Australia. As someone with an interest in this sector, my primary concern is boosting our ability to address pressing societal issues. I believe the proposed changes to DGR, most notably the expansion to charities working on preventative initiatives, hold great promise in this regard.

I agree with the report's recommendation that the current DGR system needs reform (Draft recommendation 6.1). A simplified system fostering more equitable and consistent outcomes is indeed needed. The proposition to extend DGR status to animal welfare charities is particularly noteworthy. This change would allow charities engaging in critical policy and advocacy work to attract significant donations and apply for grants, opportunities currently out of reach due to their exclusion from DGR status.

Eliminating the hurdles faced by animal charities will foster an environment where all donors feel supported in their charitable giving. This will help level the playing field for such charities and enable more funding to be directed towards high-impact activities. Such initiatives could significantly improve the lives of millions of animals in currently underfunded areas, including farmed animals, wildlife, aquatic animals, and animals used in research.

The lack of DGR status has considerably affected animal welfare policy and advocacy charities, particularly given the sector's limited government funding. As the Alliance for Animals submission highlights, most major animal welfare charities rely on donations and bequests for 70-99% of their income. Extending DGR status to this sector will significantly enhance the effectiveness and impact of animal welfare charities, leading to improved societal treatment of animals.

The inclusion of advocacy activities within DGR eligibility is another positive change. My experience with advocacy charities has deepened my engagement with democracy beyond the regular election cycle, making me feel more empowered about a range of topics. I believe the broader ecosystem of for-purpose organisations that DGR status will likely foster could significantly aid governments and society in tackling pressing problems.

However, I recommend a minor clarification in the final report - to emphasise that the proposed expansion of DGR is not limited solely to advocacy activities, but also includes supporting work. Advocacy efforts do not exist in isolation. Advocacy charities undertake a range of supporting tasks, such as policy development, which are crucial to their success. The final report should include examples of this supporting work to further clarify the definition of advocacy.

I was somewhat surprised by the Commission's discussion of impact evaluation in response to terms of reference 3.ii. I suggest a more realistic goal that aligns better with the terms of

reference. The terms do not ask for "universal, mandated standardised quantitative measures" (p. 30), but request consideration of how proven overseas charity evaluators operate.

The draft report rightly identifies a market failure in the charity sector, where the donor is disconnected from the beneficiary. It also acknowledges the government's interest in ensuring value for money from its subsidies and the charities' net benefit. Given these findings, the government's involvement in impact evaluation is crucial. I believe the bar set by the Commission for impact evaluation (p. 30 and finding 9.1) is too high. A variety of viable options do not require "mandating standardised measures or metrics of charity effectiveness across all charities".

The effectiveness of charitable interventions can vary significantly, and some interventions can be many times more effective than others. This wide disparity in impact is unusual in standard markets but common in the for-purpose sector. I recommend the Commission review research articles such as "Donors vastly underestimate differences in charities' effectiveness" by Caviola et al., "Don't Feed the Zombies" by Kevin Star, and "How much do solutions to social problems differ in their effectiveness?" by Benjamin Todd.

Considering the lack of focus on impact by donors and charities, the government must intervene to ensure value for money. I understand the draft report's concerns about practicality, cost, and unintended consequences. However, the methodologies of overseas charity evaluators referred to in the terms of reference effectively navigate these concerns. Australia could adopt similar models and set more realistic targets than "universal, mandated standardised quantitative measures".

The Commission could consider several ideas to boost the net benefit impact of the sector, such as addressing the identified skills gap by providing guidance and toolkits to charities, or offering optional, opt-in measures that suit participating organisations. The government could also offer grants to organisations that conduct impact assessments of services delivered in Australia, attracting overseas charity evaluators to Australia or encouraging Australian charity evaluators to work on domestic charities.

The expansion of DGR status to charities working on advocacy is a vital recommendation. However, the potential opposition from influential for-profit industries warrants a preemptive approach. The Commission should consider the range of issues that may arise if a larger range of policy advocacy organisations obtain DGR status and include more preemptive discussion, including any consequential recommendations relating to disqualifying purposes, public benefit or other areas of law that may become more contested if the recommendations are adopted.

In conclusion, the proposed changes to the DGR system and the focus on impact evaluation are steps in the right direction. They hold the potential to revolutionise the for-purpose sector in Australia, giving us the tools we need to tackle pressing societal issues effectively. To make this even more impactful, please consider the above recommendations.

Regards,
Monika Janinski