

Dear Productivity Commission,

I am Huon Pennington, a public policy professional, dedicated to donating at least 10% of my income for life. My charitable giving has been strongly influenced by charities' Deductible Gift Recipient (DGR) status, and I believe considered use of this tool is the most important thing governments can do to encourage giving. I am particularly interested in reforms that support smaller, more innovative charities, who may find it challenging to attain DGR status.

In summary my submission argues:

- The expansion of the DGR to animal welfare causes is the most important recommendation of the draft report and should be retained in the Final Report
- Consideration of more limited implementation of impact evaluation approaches should be discussed and recommended - rather than the all or nothing mandate
- The Final Report should include more discussion of risks and benefits of providing DGR status for public advocacy causes

I appreciate the opportunity to provide feedback on the Commission's draft findings and recommendations, I felt that many of the recommendations in the draft report would substantially improve giving in Australia.

Broadening the scope of DGR

I strongly support the proposal to broaden the scope of DGR for charities that work on preventing harm. This is an area where I spend a significant part of my charitable donations and I am encouraged to see the Commission recognise its significance.

I support the proposal to reform the current DGR system (Draft Recommendation 6.1) particularly the inclusion of animal welfare charities. Improving the welfare of animals is one of the most important things that we can do and an issue where for-profit industry have had an unfair advantage and outsized voice due to the lack of DGR status.

This will enable more funding to be directed towards high-impact activities, improving the lives of millions of animals and ensuring that donors who want to donate to these charities have the choice to donate towards charities that support their conception of the good as many other donors to religious or other charities already have.

Impact evaluation

The draft report's discussion of impact evaluation in response to terms of reference 3.ii has brought forward some interesting points. Instead of considering mandated measures, a supportive model where evaluators work together might be more effective.

It's fundamentally too difficult for members of the community to make these judgements and they need help.

I would suggest that the Commission considers the following articles for further perspectives on the matter:

- "Donors vastly underestimate differences in charities' effectiveness" by Caviola, L; Schubert, S; Teperman, E, et al.
- "Don't Feed the Zombies" by Kevin Star in the Stanford Social Innovation Review
- "How much do solutions to social problems differ in their effectiveness? A collection of all the studies we could find." by Benjamin Todd

I understand the concerns raised in the draft report about practicality, cost, and unintended consequences. However, we can navigate these concerns by adopting a more realistic target for example one that focuses only on the largest charities. Similar to the differential reporting approach for large public companies comparative to small business.

Expanding the final report to further discuss risks and benefits of DGR status for public advocacy

Expanding DGR status to charities working on advocacy is one of the most important recommendations in the draft report. Given the likely objections and clear risks associated with this recommendation, the final report would benefit from further discussion of the risks and benefits particularly the risks associated with openly political organisations, industry bodies and other industry lobbyist groups. The case should similarly be made for public interest journalism.

I am eager to see these recommendations and the potential they hold for the for-purpose sector in Australia. I appreciate the opportunity to provide my input.

Regards,

Huon Pennington