

Dear Productivity Commission,

I am writing this letter as a response to the draft report on Philanthropy Inquiry. I am Robert McCormick, the founder of an environmental conservation organisation called Tree Shepherds. My years of volunteering for environmentalist and animal welfare causes have given me an in-depth understanding of the sector and the issues it faces. I am pleased to share my insights on the draft report and its potential to bring about significant changes to the for-purpose sector in Australia.

I am in full agreement with the draft's proposal for changes to Deductible Gift Recipient (DGR) status, particularly the expansion to charities working to prevent harm. I see immense value in this modification as it would make a noteworthy difference to our society's most pressing problems.

The draft report's recommendation 6.1 rightly points out the need for reform in the current DGR system. The proposition to extend DGR status to animal welfare charities, in particular, is a welcome step. The current system's exclusion of animal welfare charities not directly involved in care or rehabilitation of animals has been a hindrance. This exclusion has limited the ability of several charities engaged in large-scale policy and advocacy work that significantly improves animal welfare to attract substantial donations or apply for grants that require DGR status.

By eliminating these barriers, we can ensure that all donors to this cause are supported, rather than being disadvantaged for prioritising preventative activities over meeting the immediate needs of animals in care. A level playing field for animal charities will allow more funding to be directed towards high-impact activities, which aim to improve the lives of millions of animals in areas currently underfunded, such as farmed animals, aquatic animals, wildlife, and animals in research.

Animal welfare policy and advocacy charities are disproportionately affected by their lack of DGR status due to minimal government funding. Most major animal welfare charities that do not provide direct care to animals rely heavily on donations and bequests, making up between 70-99% of their income. Therefore, extending DGR status to the whole sector will significantly increase the effectiveness and impact of animal welfare charities working to improve societal treatment of animals.

Animal charities consistently rank among the top three causes supported by Australian donors. I know that many Australians, including the youth, are particularly passionate about animal welfare. Therefore, expanding DGR eligibility criteria will not only have a positive impact but also help charities reach new communities. This expansion will open up new fundraising channels such as workplace giving, corporate fundraising, major donor and philanthropic giving, Instagram and Facebook fundraisers, PayPal Giving Fund, and various third-party fundraising and crowd-funding platforms currently inaccessible without DGR status.

In the draft report, I was particularly delighted to read about DGR for policy advocacy. This expansion is a positive change, and my engagement with advocacy charities has empowered me on a range of topics, including efforts to prevent major global catastrophes and further animal welfare.

However, I believe that the final report would benefit from clarifying that the proposed expansion of DGR is not limited only to advocacy activities but also includes surrounding and supporting work. This includes policy development and community engagement, which are crucial aspects of an advocacy charity's work.

Additionally, the final report should include examples of the type of supporting work that would be included in the definition of advocacy. For animal charities, this includes:

- Offering scientific and specialist veterinary animal welfare advice to the public, government and other audiences to educate and build the evidence base for improved animal welfare standards.
- Collaborating with government organisations on global health initiatives.
- Researching and exposing illegal practices as they relate to animals.
- Investigating non-compliance with current regulations and animal welfare standards.

These efforts would apply to all advocacy charities working to develop and advocate for rigorous and evidence-based policies, and therefore, I recommend that the Productivity Commission clarify in its final report that granting DGR status to charities extends to these supporting activities.

Lastly, the Productivity Commission should anticipate potential opposition from for-profit industries that currently have overwhelming or even unopposed policy influence in certain fields. These industries might seek to oppose the DGR change with the Government and before Parliament. Therefore, more pre-emptive discussion, including any consequential recommendations relating to disqualifying purposes, public benefit or other areas of law that may become more contested, should be included in the final report.

Thank you for considering my recommendations. I look forward to seeing the final report and the positive changes it can bring about.

Regards, Robert McCormick