

## **Submission to Productivity Commission Draft Report on Philanthropy**

**By Thomas King**

February 7th 2024

Dear Productivity Commission,

I am writing in response to the Philanthropy Inquiry as a not-for-profit chair and executive leader who's spent 13 years leading organisations and initiatives that benefit people, our planet, and other species.

I have had the privilege of working on environmental and humanitarian initiatives across five continents, and to have had this work recognised through accolades including Young Australian of the Year VIC, a Myer Innovation Fellowship, and most recently, CommBank Sustainable Entrepreneur of the Year. I am also a member of large philanthropy networks including Nexus, having presented several times at the Nexus Global Summit in New York City, among many other social impact conferences over the years.

I am heartened by the draft report's recommendations and the potential they hold to revolutionise the for-purpose sector in Australia. I am particularly interested in the proposed changes to the Deductible Gift Recipient (DGR) status, which I believe could significantly improve our ability to address societal challenges.

I agree with the draft report's assertion that the current DGR system requires reform (Draft recommendation 6.1). The proposal to extend DGR status to animal welfare charities is an important step forward. The exclusion of charities that are not providing direct animal care or rehabilitation from DGR status has hampered their capacity to conduct critical research, policy and advocacy work aimed at improving animal welfare, something millions of Australians care deeply about.

By removing these barriers, we can ensure that donors are not disadvantaged for supporting preventative activities. This will also pave the way for a fairer distribution of funds towards high-impact activities that are currently underfunded, and significantly increase the societal value these organisations can offer.

The proposal to expand DGR eligibility criteria will open up new fundraising channels, enabling these charities to reach more communities. I am particularly excited about the inclusion of advocacy activities in the DGR qualifications, as it not only gives a platform for these charities but also enables me to engage more deeply in our democracy.

However, I believe that the wording needs some clarification. Advocacy activities should not be limited to advocacy itself but should also include supporting work such as policy development and community engagement. I recommend that the final report include examples of the type of

supporting work that would fall under the definition of advocacy, such as scientific advice, collaboration with government organisations, and research into illegal practices.

I also welcome the recommendation to expand DGR status to public interest journalism. However, I suggest that the final report provide a more detailed justification for this decision. It is essential to highlight the role of public interest journalism in providing accurate information, promoting transparency and accountability, and giving a voice to under-represented groups.

Moreover, I encourage the Productivity Commission to clarify in its final report that DGR status for advocacy activities extends to policy development and other supporting activities.

In response to terms of reference 3.ii, I believe the draft report could benefit from a more realistic goal and better alignment. I agree with the draft report's findings on the market failure in the charity sector and the need for government involvement in impact evaluation. However, setting the bar for impact evaluation too high could limit its effectiveness.

There are methodologies available overseas that could provide a model for Australia. By adopting a more realistic target and providing assistance to charities that wish to improve their impact, we can boost the sector's net benefit without incurring undue cost or risk.

To conclude, I believe that the proposed changes to the DGR status and the greater focus on impact evaluation will significantly benefit the for-purpose sector in Australia, and thus society at large. I look forward to seeing these recommendations implemented to support the important and tireless work of 1.4 million Australians and millions of volunteers who form Australia's charity sector.

Regards,  
Thomas King