

Dear Productivity Commission Philanthropy Inquiry,

I, Ayanthi De Silva, have been dedicated to the mental health profession for the past 12 years, offering individual therapy to my clients as a psychologist. Outside of my career, I devote my time to animal rights, highlighting the need to address the significant gap in how many organisations that support animal welfare are currently excluded from attaining charity status.

Thank you for allowing me the opportunity to review and provide feedback on the draft report. I applaud the positive recommendations and acknowledge their potential to create a significant shift in the for-purpose sector in Australia. My passion lies in the power of my community and me to address pressing societal issues. The proposed changes, particularly the expansion of Deductible Gift Recipient (DGR) status to charities working to prevent harm, would make a substantial difference.

I concur with the draft report's assertion that the current DGR system requires reform and should be replaced with a system that is simpler, fairer, and more consistent (Draft recommendation 6.1). I welcome the proposal to extend DGR status to animal welfare charities. The current system excludes many charities conducting important policy and advocacy work that significantly improves animal welfare, as they are not directly involved in the care or rehabilitation of animals. This means they cannot draw substantial donations or apply for grants where DGR status is required.

By eliminating these barriers, all donors to animal causes can be supported in their charitable giving. They should not be disadvantaged for prioritising preventative activities over meeting the immediate needs of animals in care. Ensuring a level playing field for animal charities will enable more funding to be directed towards high-impact activities. These activities aim to improve the lives of millions of underfunded animals, including farmed animals, aquatic animals, wildlife, and animals in research.

Animal welfare policy and advocacy charities are disproportionately affected due to their lack of DGR status and receive significantly less government funding than the 50% average cited in the draft report. Most major animal

welfare charities that do not provide direct care receive no government funding and rely on donations and bequests for between 70-99% of their income. Therefore, extending DGR status to this sector will significantly boost the effectiveness and impact of these charities.

Animal charities are consistently among the top three causes Australian donors support. I am confident that expanding DGR eligibility will not only have a positive impact but also enable charities to reach new communities. New fundraising channels will open up, including 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.

I believe expanding DGR status to charities working on advocacy is one of the most important recommendations in the draft report. I am aware that for-profit industries may seek to oppose organisations with alternative views gaining DGR status. They may scrutinise the final Productivity Commission report for any potential loopholes or gaps to justify their position. It is crucial that the Productivity Commission anticipate potential obstacles and expand its recommendations to address these issues.

In light of this, I recommend that the Productivity Commission consider potential issues that may arise if a broader range of policy advocacy organisations obtain DGR status, and include a more detailed pre-emptive discussion. This discussion should include any consequential recommendations relating to disqualifying purposes, public benefit or other areas of law that may become more contested if the recommendations are adopted.

I was intrigued by the Productivity Commission's discussion of impact evaluation in response to terms of reference 3.ii. I believe there is a more realistic goal that aligns better with the terms of reference, which does not ask the Commission to consider "universal, mandated standardised quantitative measures". Rather, it directs the Commission to consider how proven overseas charity evaluators operate, using opt-in models to understand the theory of

change, relevant evidence, and the best methods of data collection and evaluation.

The key insight is that highly impactful interventions often offer 10 or 100 times more than average interventions. Some charitable programs can even cause harm. Research shows that the average donor believes that impactful charitable programs are only 1.5 times better than average ones. This disparity is far wider than in typical markets and is normal in the for-purpose sector. I encourage the Productivity Commission to review several relevant articles that highlight this issue.

Given that donors and many charities often lack the interest, skills or incentives to focus on impact, it falls to the government to ensure it gets value for money. The government should pilot different approaches to encourage the for-purpose sector to focus on increasing its impact. Given the evidence shows substantial room for improvement, it would be wrong to try nothing and say that we're all out of ideas.

I look forward to seeing how the final report will address these issues and help improve the animal welfare sector in Australia.

Regards, Ayanthi De Silva