

Dear Productivity Commission,

I am Johann Lipman, a professional engineer who has devoted much of my career to the design and manufacture of medical devices. Over time, I have grown increasingly concerned with our society's reliance on reactive solutions, particularly in the context of public health crises like pandemics. Prevention, in my view, is a far better course of action, and I am eager to contribute to efforts that forestall issues rather than simply respond to them. I strongly support changes to philanthropy that can help serve public interest.

One area of immense interest to me is animal rights. I firmly believe that Australia has much to do to catch up with other Western nations in terms of our treatment and care for animals. An important step in achieving this is to revise current policies and expand Deductible Gift Recipient (DGR) status to allow for greater advocacy and harm prevention. I am grateful for the opportunity to discuss these matters further in response to the draft report of the Philanthropy Inquiry.

The draft report underscores the potential for significant changes in Australia's for-purpose sector, particularly the proposed expansion of DGR to charities focusing on preventing harm. This resonates with my desire to contribute to meaningful, transformative solutions for society's pressing problems. I wholeheartedly support the draft report's recommendation (6.1) to reform the current DGR system and replace it with a simpler, fairer one that yields more consistent results. I am particularly encouraged by the proposed inclusion of animal welfare charities in the DGR status, a move that will significantly empower charities engaged in policy and advocacy work to improve animal welfare on a large scale.

Removing the current barriers faced by many animal charities will enhance their ability to attract donations and apply for grants. This will also enable greater support for donors who prioritise preventative activities over immediate care for animals. A level playing field for animal charities will ensure that more funding can be directed towards high-impact activities aimed at improving the lives of millions of animals, including farmed animals, aquatic animals, wildlife, and animals used in research. These areas are currently underfunded and desperately in need of attention and resources.

Animal welfare policy and advocacy charities are disproportionately affected by their lack of DGR status. Most of these charities receive no government funding, and instead rely on donations and bequests for the majority of their income. Extending DGR status to these charities will greatly enhance their effectiveness and impact, and will improve societal treatment of animals.

It's worth noting that animal charities are consistently among the top three causes supported by Australian donors. Expanding DGR eligibility criteria will allow charities to reach new communities and open up new fundraising channels, thereby significantly increasing their reach and impact.

The draft report's recommendation to extend DGR status to charities working on advocacy is of paramount importance. I anticipate, however, that certain for-profit industries may oppose this change, particularly those that currently exercise significant policy influence. These industries may attempt to thwart the proposal by exploiting any potential gaps or weaknesses in the final report. Thus, it is crucial that the Productivity Commission strengthen the final report to pre-empt any attempts to undermine its recommendations.

The Commission should also consider the wider implications of expanding DGR status to a broader range of policy advocacy organisations. This would involve a more detailed discussion of potential

challenges, including the question of whether opposing recognised industries constitutes a 'public benefit' or a 'disqualifying purpose'.

The draft report's mention of expanding DGR to include advocacy activities was encouraging, particularly the reference to social welfare and human rights organisations. These charities play a vital role in deepening my engagement with our democracy, and I believe that extending DGR status to them would greatly enrich the for-purpose sector, and drive meaningful progress in addressing pressing societal problems.

I would suggest, however, that the final report clarify that the proposed expansion of DGR is not limited solely to advocacy activities, but includes supporting work such as policy development and community engagement. Advocacy does not exist in isolation; charities need to carry out a range of supporting tasks to develop the policies they advocate for.

I also welcome the draft report's recommendation to include public interest journalism among the types of charities eligible for DGR status. Public interest journalism plays a crucial role in our democratic society, providing accurate and reliable information, acting as a watchdog against corruption, giving voice to under-represented groups, and challenging powerful individuals and institutions. However, the final report should provide a more detailed justification for this decision to ensure its successful implementation.

The draft report's discussion of impact evaluation in response to terms of reference 3.ii was somewhat surprising. I believe that there is a better approach to this issue, one that aligns more closely with the terms of reference. The Commission should consider the methodologies used by overseas charity evaluators, which employ opt-in models. These models allow evaluators to work cooperatively to understand the theory of change, what evidence is relevant, and how it can best be collected and evaluated.

Finally, I would urge the Commission to consider piloting different approaches to encouraging 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 claim that we're out of ideas.

Thank you for considering my feedback.

Regards,

Johann Lipman