

Dear Productivity Commission,

My name is Simon Terry, a data analyst and long-term vegetarian who is concerned about generally decreasing suffering and increasing well-being. I am particularly interested in philanthropic efforts that align with this utilitarian philosophy.

I am writing in response to the draft report released by the Commission and would like to provide my feedback and insights.

Primarily, I will be discussing my interest in the for-purpose sector, the importance of expanding Deductible Gift Recipient (DGR) status to more charities, the need for more detailed justification for certain changes, the challenges of expanding DGR status, and the evaluation of charity impact.

Firstly, I would like to commend the Commission on the release of the draft report. The recommendations made in the report are promising and have the potential to bring about significant change in the for-purpose sector in Australia. I am particularly excited about the proposed changes to the DGR system, specifically the expansion of DGR status to charities working to prevent harm.

I agree with the report's finding that the current DGR system requires reform. Many charities that advocate for the welfare of animals on a large scale have been unable to attract significant donations or apply for grants due to the current restrictions on DGR status. By removing these barriers, donors can support these charities more effectively, thus creating a more level playing field for animal charities.

The extension of DGR status to the entirety of the animal welfare sector would significantly boost the effectiveness and impact of these charities. It's essential to note that animal welfare policy and advocacy charities currently receive minimal government funding. Therefore, they rely heavily on donations and bequests, which account for between 70-99% of their income.

I was also pleased to read about the proposed expansion of DGR for policy advocacy. Policy advocacy charities have been instrumental in enabling my deeper engagement in our democracy beyond the typical election cycle. I feel this expansion will not only have a positive impact but will also help charities reach new communities.

However, I believe the final report would benefit from a minor clarification regarding the scope of the proposed DGR expansion. The current wording seems focused only on granting DGR status for advocacy, and not for associated work such as policy development or community engagement, which are equally important for advocacy charities.

The final report would also benefit from the inclusion of examples of supporting work that would be included in the definition of advocacy. For instance, animal charities often provide scientific and specialist veterinary animal welfare advice, collaborate with government organisations on global health initiatives, research and expose illegal practices related to animals, and investigate non-compliance with current regulations and animal welfare standards.

The recommendation to expand the types of charities eligible for DGR status to include public interest journalism is another positive development. However, I believe a more detailed justification for this decision should be included in the final report to help readers understand its merit and increase its likelihood of implementation.

Public interest journalism could play a crucial role in providing accurate, reliable information to the public, holding institutions accountable, and promoting active participation in democratic processes. They often focus on neglected issues that may not receive adequate coverage from commercial media outlets or be outside the interests of publicly funded bodies such as the ABC. By giving voice to these under-represented view points public debate in Australia could be informed and enhanced.

I agree that expanding DGR status to charities working on advocacy is one of the most important recommendations in the draft report. However, it's important to anticipate opposition from for-profit industries or existing DGR that currently have significant policy influence. Some groups such as religions and business lobbies are able to use tax deductions to further policy ends. Extending this advantage to a wider range of organisations could level the playing field and improve policy development. I recommend that the Productivity Commission consider the range of issues that may arise if a larger range of policy advocacy organisations obtain DGR status and include more pre-emptive discussion.

Lastly, I would like to comment on the Commission's discussion of impact evaluation in response to terms of reference 3.ii. I believe that the summary sets the bar for impact evaluation too high and that viable options do not require "mandating standardised measures or metrics of charity effectiveness across all charities". Rather, we should focus on requiring that charities provide information publicly so assessments of their effectiveness can be made by outside parties. As DGR receive money from the public purse I believe it is a reasonable expectation that they work towards, and show evidence for, the general good.

I would recommend that the Commission 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.

Thank you for the opportunity to provide feedback on the draft report. I look forward to seeing the continued growth and development of the for-purpose sector in Australia.

Regards, Simon Terry