

Dear Productivity Commission,

I am Natasha Anderson, a psychology researcher at the University of Queensland. I am grateful for the opportunity to provide feedback on the draft report concerning philanthropic giving in Australia. I think that these suggestions will facilitate a lot of positive change in our country.

The proposed changes to Deductible Gift Recipient (DGR) status, particularly the extension to charities preventing harm, resonated with me. As a member of the for-purpose sector, I am deeply invested in the potential for these recommendations to significantly enhance our impact on societal issues. By expanding DGR to include policy advocacy activities, we could foster a richer ecosystem of organisations working on pressing problems, thereby supporting both the government and society.

However, I believe the final report would benefit from clarifying that the proposed DGR expansion includes not only advocacy activities but also the supporting work that surrounds them. Advocacy charities perform a range of critical tasks, such as research, policy development and community engagement, which contribute to their overall effectiveness. To illustrate, animal charities provide specialist advice, collaborate with government on global health initiatives, expose illegal practices, and investigate non-compliance with regulations. This supporting work is as crucial as the advocacy itself and should be included in the DGR status.

In response to terms of reference 3.ii, I found the discussion of impact evaluation surprising. I believe there is a more nuanced view, one that aligns better with the terms of reference and sets a more realistic goal. The terms refer to the operations of proven overseas charity evaluators who use opt-in models, working cooperatively to understand relevant evidence and how best to collect and evaluate it.

The draft report rightly identifies a market failure in charity and recognises the importance of government ensuring value for its subsidy and net benefit. However, I fear it sets the bar too high for impact evaluation. There are viable options that do not necessitate mandating standardised measures of charity effectiveness across all charities.

Research indicates that highly impactful interventions can often do significantly more than average ones. In fact, some charitable programs can even be harmful. Given this disparity in impact, it is crucial for both donors and the government to focus on effectiveness. It is here that I encourage the Productivity Commission to review works such as 'Donors vastly underestimate differences in charities' effectiveness' by Caviola, L; Schubert, S; Teperman, E; et al., and 'Don't Feed the Zombies' by Kevin Star in the Stanford Social Innovation Review.

The government must fill the gap in ensuring value for money. A realistic target, rather than “universal, mandated standardised quantitative measures”, could navigate the concerns about cost, practicality, and unintended consequences. By providing charities with guidance and toolkits for impact improvement, opting for measures that suit participating organisations, and offering grants to organisations conducting impact assessments, we can enhance the net benefit of the sector without undue risk or cost. Even just stating recommended standards would be a step towards establishing some way of evaluating the quality and legitimacy of charity organisations and helping donors to feel assured about where their money is going.

I appreciate the draft report's recommendation to extend the eligibility for DGR status to public interest journalism. This is a vital public good, playing a crucial role in providing accurate and reliable information, acting as a watchdog, focusing on marginalised communities, and challenging powerful individuals or institutions. However, a more detailed justification for this decision would help ensure understanding and increase the likelihood of implementation.

Only 40% of registered charitable news organisations currently have DGR status. By including a clear statement about the reasons why public interest journalism should be eligible for DGR and providing a clear definition, we could create a new category of charity, as proposed in the Public Interest Journalism Advocate (PIJA) submission.

Thank you for considering my feedback. I am hopeful that these insights will contribute to the final report and ultimately help us grow philanthropic giving in Australia.

Regards,
Natasha Anderson