

6<sup>th</sup> February 2024

To the Productivity Commission,

As an animal welfare advocate with over 30 years of experience, I have an interest in the impact of philanthropic giving and how it can shape the for-purpose sector in Australia. Having worked at management level with a national animal welfare charity, I am particularly interested in how the proposed expansion of Deductible Gift Recipient (DGR) status could significantly alter the landscape for the better.

I wholeheartedly agree with the draft report's conclusion that the current DGR system is ripe for reform and needs to be replaced with a straightforward, fairer, and consistent system. I am particularly pleased by the proposal to extend DGR status to animal welfare charities. This is a significant step forward, as many such charities have been unable to solicit significant donations or apply for grants, due to their focus on policy and advocacy work rather than direct care or rehabilitation of animals.

Removing these barriers will enable all donors to contribute seamlessly to animal welfare. It will also level the playing field for animal charities, enabling them to direct more funding towards impactful activities and improve the lives of millions of animals. The lack of DGR status for animal welfare charities has a disproportionate effect, given the sector's minimal government funding. Extending DGR status to this sector will undoubtedly increase the effectiveness and impact of these charities.

I also note that the proposed changes will help charities reach new communities and open up new fundraising channels. This is a welcome development as it will increase the scope and scale of the work they do.

However, I was surprised to read the Productivity Commission's discussion of impact evaluation in its response to terms of reference 3.ii. I believe there could be a more realistic goal and better alignment with the terms of reference.

The draft report correctly identified the market failure in the charity sector, stating that the donor is often disconnected from the beneficiary. Consequently, there is a strong case for government involvement in impact evaluation. The Commission's summary on page 30 sets the bar for impact

evaluation too high. I propose that the Commission review several articles that underpin these arguments, including 'Donors vastly underestimate differences in charities' effectiveness' by Caviola et al., and 'How much do solutions to social problems differ in their effectiveness?' by Benjamin Todd.

While practicality, cost, and unintended consequences are valid concerns, the methodologies of overseas charity evaluators referred to in the terms of reference address these issues. The government should consider piloting different approaches to encourage the for-purpose sector to focus on increasing its impact.

The draft report's recommendation to expand DGR eligibility to public interest journalism is a welcome move, although I believe the final report could benefit from a more detailed justification. Public interest journalism plays a crucial role in our society, providing accurate information, holding institutions accountable, and giving voice to under-represented groups.

I strongly agree with the recommendation to expand DGR status to include policy advocacy, particularly the focus on advocacy activities that further charitable purposes. However, the final report should clarify that DGR status for advocacy activities can extend to policy development and other supporting activities. Examples of such activities include providing scientific and specialist veterinary animal welfare advice, collaborating with government organisations on global health initiatives, and investigating non-compliance with current regulations and animal welfare standards.

In conclusion, the proposed changes to the DGR system have the potential to significantly improve the scope and impact of the for-purpose sector in Australia. I look forward to seeing these changes implemented and to witnessing their positive effects first-hand.

Regards, Anne Boxhall

<https://www.pc.gov.au/inquiries/current/philanthropy/make-submission#lodge>