

Dear Productivity Commission,

As an avid animal lover and supporter of animal charities, I am grateful for the opportunity to provide feedback on the draft report on philanthropic giving in Australia. The proposed recommendations hold immense potential to transform the sector in Australia, a sector that I hold close to my heart. In particular, I am enthusiastic about the proposed changes to expand Deductible Gift Recipient (DGR) status to charities working on prevention of harm. This measure, amongst others, will significantly enhance the abilities of myself and my community to tackle pressing societal issues.

The draft report rightly identifies the need for reform in the current DGR system. The proposed shift to a simpler system that ensures fairer and more consistent outcomes is a commendable suggestion. I am particularly pleased with the proposal to extend DGR status to animal welfare charities. Many of these charities, despite their significant contributions to animal welfare, have been unable to attract substantial donations or apply for grants due to their current exclusion from DGR status. This unjustly disadvantages charities focusing on preventative activities over immediate care.

The removal of these barriers will boost charitable giving, creating a level playing field for all animal welfare charities. This will allow for more funding to be directed at high-impact activities, improving the lives of animals in underfunded areas such as farmed animals, aquatic animals, wildlife, and animals used in research. Given that many animal welfare charities rely heavily on donations and bequests for their income, this proposed change in DGR status will significantly enhance the impact of these charities.

Animal welfare is a cause dear to many Australians, consistently ranking in the top three causes supported by donors. I believe that expanding the DGR eligibility criteria will not only strengthen support for this cause, but also increase engagement with new communities. This expansion will open up new fundraising channels such as workplace giving, corporate fundraising, and various third-party fundraising platforms currently inaccessible without DGR status.

It's important to anticipate potential opposition to these changes, particularly from for-profit industries that may feel threatened by the rise of advocacy organisations with alternative views. These industries may attempt to undermine the recommendations by exploiting any perceived weaknesses or gaps in the report. Therefore, it is crucial that the Productivity Commission robustly defends its position, pre-empting potential counter-arguments, and providing solutions to potential issues that may arise.

A concern that comes to mind is that incumbent for-profit organisations may argue that advocacy organisations fail at some other legal requirements. These could be arguments suggesting that opposing recognised industries is not in the "public benefit", or that it is a "disqualifying purpose" because it is "contrary to public policy". While I personally find these arguments unconvincing, well-resourced organisations may be able to devise compelling arguments against the recommendations. It's essential that the Productivity Commission addresses these potential arguments in a more detailed and pre-emptive manner.

In regards to impact evaluation, as discussed in response to terms of reference 3.ii, I believe a more realistic goal could be set that aligns better with the terms of reference. Rather than mandating universal, standardised quantitative measures, the Productivity Commission could consider how proven overseas charity evaluators operate. These evaluators typically use opt-in

models, cooperating with charities to understand their theory of change, what evidence is relevant, and how it can best be collected and evaluated.

The draft report identifies a disconnect between donors and beneficiaries, acknowledging that many charities lack the necessary skills for impact evaluation. The government, therefore, has a strong interest in ensuring it achieves value for money and that charities produce the greatest net benefit. The draft report's current bar for impact evaluation is set too high, and a more practical and viable approach could be adopted.

Research suggests that highly impactful interventions can often deliver 10 or 100 times more benefit than average interventions. This suggests a significant room for improvement in the for-purpose sector, and I encourage the Productivity Commission to review several key resources that delve into this issue further. These include "Donors vastly underestimate differences in charities' effectiveness" by Caviola, L; Schubert, S; Teperman, E, et al., "Don't Feed the Zombies" by Kevin Star in the Stanford Social Innovation Review, and "How much do solutions to social problems differ in their effectiveness? A collection of all the studies we could find" by Benjamin Todd.

The Productivity Commission should consider piloting different approaches to encourage the for-purpose sector to focus on increasing its impact. To address the identified skills gap, government could provide charities with guidance and toolkits relating to developing their theory of change, collecting evidence, and conducting evaluations. Opt-in measures that suit participating organisations could also be considered, as an alternative to mandating standardised measures. The government could offer grants to organisations that conduct impact assessments of services delivered in Australia, attracting overseas evaluators and encouraging Australian ones to assess domestic charities.

Lastly, I fully support the idea of expanding DGR for policy advocacy. This not only allows me to engage more deeply in our democracy but also empowers me to contribute to various societal issues. However, I believe it's necessary to clarify that the proposed expansion of DGR extends beyond advocacy activities to include supporting work such as policy development and community engagement.

In conclusion, 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. This includes the need for more pre-emptive discussion, any consequential recommendations relating to disqualifying purposes, public benefit or other areas of law that may become more contested if the recommendations are adopted. Addressing these aspects will bolster the strength of the final report and ensure the proposed changes are implemented effectively.

I look forward to seeing these changes come to fruition. Thank you for considering my feedback on this important issue.

Regards,
Alex Shead