

February 2024

Dear Productivity Commission,

I am writing in response to the Philanthropy Inquiry. My name is Hayley Ablott, a Personal Trainer who has spent her entire life in Australia. I'm deeply passionate about the potential of philanthropy and the for-purpose sector to address the most pressing issues facing our society. I am particularly interested in the draft report's recommendations on Deductible Gift Recipient (DGR) reform, the discussion on impact evaluation, and the inclusion of public interest journalism in the DGR system.

The draft report's potential to revolutionise Australia's for-purpose sector is enthralling, particularly the proposed changes to expand DGR to charities working to prevent harm. I am in full agreement with the conclusion that the present DGR system needs reform. I applaud the suggestion to extend DGR status to animal welfare charities, particularly those involved in policy and advocacy work that greatly improves animal welfare but currently cannot attract significant donations due to their lack of DGR status.

Eliminating the obstacles these charities confront will ensure all donors to this cause are supported in their philanthropy. More importantly, it will create a level playing field for all animal welfare charities, allowing more funding to be directed towards high-impact activities, thus improving the lives of millions of underfunded animals.

It is important to note that animal welfare policy and advocacy charities are disproportionately affected by their lack of DGR status, as they receive very little government funding. Extending DGR status to these charities will greatly improve their effectiveness and impact, ensuring better societal treatment of animals.

It is a known fact that Australians, including the younger generation, are passionate about animal welfare. With the expansion of DGR eligibility criteria, important fundraising channels such as workplace giving, corporate fundraising, major donor and philanthropic giving, as well as various third-party fundraising and crowd-funding platforms, will become accessible, helping charities reach new communities.

Turning to the subject of impact evaluation, I believe the draft report's response to terms of reference 3.ii could be improved. The terms of reference do not call for universal, mandated standardised quantitative measures but suggest considering how proven overseas charity evaluators operate, using opt-in models and cooperative methods to understand evidence relevancy and optimal collection and evaluation methods.

The draft report correctly identifies a market failure in charity, where donors are disconnected from beneficiaries. It also rightly acknowledges that government has a vested interest in ensuring the greatest net benefit is achieved from its subsidy. With many charities lacking the skills to evaluate impact, and many donors not prioritising community benefit when making donations, there is a strong case for government involvement in impact evaluation.

The bar for impact evaluation is set too high in the draft report. More viable options exist that do not require standardised measures across all charities. It is crucial to understand that highly impactful interventions can often do significantly more than average interventions, with research indicating that the average donor underestimates this disparity.

To address this, I urge the Productivity Commission to review various articles and studies 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. These works highlight the market failure in charity and argue for an impact-focused evaluation approach.

Given the lack of focus on impact by donors and charities, the government must fill this gap to ensure value for money. Practical concerns aside, overseas charity evaluators provide a solution to these issues. A few proposals to boost the sector's impact without undue cost or risk include addressing the skills gap by providing charities with guidance and toolkits, implementing optional measures that suit participating organisations, and offering grants to organisations that can conduct impact assessments of services delivered in Australia.

The draft report's recommendation to extend DGR status to charities undertaking advocacy activities is a positive change. These charities have allowed me to engage more deeply in our democracy and have made me feel more empowered on various issues. However, the final report should clarify that the DGR status extension is not limited only to advocacy activities but extends to policy development and other supporting activities.

Lastly, the recommendation to extend DGR status to include public interest journalism is a commendable change. Public interest journalism is a vital public good, playing a crucial role in providing accurate, independent information, acting as watchdogs, focusing on marginalised communities or neglected issues, and challenging powerful individuals or institutions. However, the final report should include a more detailed justification for this decision, including a clear definition of public interest journalism to create a new category of charity.

Thank you for considering my feedback. I look forward to seeing the final report and the changes it will bring to the for-purpose sector in Australia.

Best wishes,

Hayley Ablott