

Dear Productivity Commission,

I, Daniel Honig, am an undergraduate chemical engineering student at the University of New South Wales with a deep-seated interest in philanthropy. For years, I have been actively involved with the effective altruism movement, believing in the transformative potential of philanthropy to improve the welfare of all beings. I recently attended an informative presentation with the Good Ancestors Project, an experience that further reinforced my conviction that philanthropic giving in Australia can be significantly enhanced. I am appreciative of the opportunity to provide my feedback on the draft report released by the Commission.

Upon reviewing the draft report, I was encouraged by its progressive recommendations and their potential to revolutionise the for-purpose sector in Australia. As someone deeply invested in this sector, my primary concern is the ability for myself and my community to address the most pressing societal issues. In this regard, I believe the proposed changes to Deductible Gift Recipient (DGR) status, particularly its expansion to charities working to prevent harm, could make a substantial difference.

I am in full agreement with the draft report's assertion that the current DGR system requires comprehensive reform. The need for a simpler, fairer, and more consistent system is clearly articulated in Draft Recommendation 6.1. One proposal that I am particularly supportive of is the expansion of DGR status for animal welfare charities. The current exclusion of animal welfare charities that do not directly provide care or rehabilitation of animals from DGR status has significantly limited the ability of many essential policy and advocacy charities to attract substantial donations or apply for grants.

By removing these barriers, we can create a level playing field for all animal charities, allowing more funding to be directed at high-impact activities. This would be particularly beneficial for underfunded areas such as farmed animals, aquatic animals, wildlife, and animals in research. This change will not only add significant value to the sector but will also enable charities to connect with new communities passionate about animal welfare.

In relation to the discussion of impact evaluation under terms of reference 3.ii, I believe that the Commission could adopt a more realistic goal. Overseas evaluators utilise opt-in models, which aim to understand the theory of change, relevant evidence, and best methods for collection and evaluation. This approach aligns better with the direction provided by the terms of reference.

The draft report also highlights the market failure in charity, where donors are disconnected from beneficiaries. The government has a vested interest in ensuring value for money for its subsidies and that charities create the greatest net benefit. However, the current high bar set for impact evaluation may not be viable. Many effective options do not necessitate "mandating standardised measures or metrics of charity effectiveness across all charities".

Research indicates that highly impactful interventions often have 10 or even 100 times more impact than average interventions. This disparity in impact is far more pronounced in the

for-purpose sector than in typical markets. With this in mind, I recommend that the Commission consider the following proposals to boost the impact of net benefit that the sector achieves without undue cost or risk:

1. Address the identified skills gap by providing guidance and toolkits to charities that wish to improve their impact.
2. Implement “optional, opt-in measures that suit participating organisations” in place of “universal, mandated standardised quantitative measures”.
3. Offer grants to organisations capable of conducting impact assessments of services delivered in Australia.

The expansion of DGR status to advocacy charities is one of the most consequential recommendations in the draft report. However, it is important to anticipate potential opposition from for-profit industries that could argue that for-purpose policy advocacy organisations fail at some other legal requirement. Therefore, I recommend that the Commission pre-emptively discuss these issues and propose solutions accordingly.

In conclusion, I am confident that the Commission’s recommendations will drive much-needed changes in the philanthropic sector. By addressing the issues outlined above and adopting a more holistic approach to impact evaluation, we can significantly enhance the effectiveness of our for-purpose sector.

Thank you once again for this opportunity to contribute to this important discussion.

Regards,
Daniel Honig