

Dear Productivity Commission,

I am Gray Horwitz, a volunteer for the Animal Justice Party and an active participant in the vegan activism and vegan social scenes in Sydney. Having grown up in the USA, I deeply appreciate the forward-thinking nature of the Australian government in comparison and hope to see further progress in the philanthropic sector. I am writing in response to the draft report released by the Commission, which sets out draft findings and recommendations relating to motivations for philanthropic giving in Australia and opportunities to grow it further.

I am particularly interested in the proposed changes to Deductible Gift Recipient (DGR) status and how it could significantly impact the for-purpose sector in Australia. I wholeheartedly support the expansion of the DGR status to charities working on advocacy as it enables myself and my community to make a difference on the most pressing societal issues.

However, I do foresee potential resistance from for-profit industries that currently have strong policy influence. They may oppose the DGR changes by seeking loopholes in the final Productivity Commission report to justify their position. In light of this, I would urge the Commission to consider pre-emptive measures to prevent its proposals from being thwarted in practice.

In addition, I would recommend that the Commission consider potential legal arguments that incumbent for-profit organisations may raise. For instance, they may argue that for-purpose policy advocacy organisations fail at some legal requirements such as “public benefit” or “disqualifying purpose”. A careful pre-emptive discussion on these matters, including consequential recommendations, could be beneficial.

Turning to impact evaluation, I found the Commission's discussion in its response to terms of reference 3.ii somewhat surprising. The draft report rightly identifies the disconnection between the donor and beneficiary and the skills gap in impact evaluation among many charities. However, I believe the standard set for impact evaluation in finding 9.1 is too high and does not align with the terms of reference 3.ii.

Research indicates that highly impactful interventions can often do exponentially more good than average interventions. This significant disparity in impact is far greater than in typical markets, thus necessitating a different approach. I suggest the Commission review works such as "Donors vastly underestimate differences in charities' effectiveness" by Caviola et al., "Don't Feed the Zombies" by Kevin Star, and "How much do solutions to social problems differ in their effectiveness?" by Benjamin Todd, to gain a deeper understanding of this issue.

To address the skills gap identified in the draft report, I propose the development of guidance and toolkits for charities to improve their impact. Additionally, “optional, opt-in measures that suit participating organisations” would be more achievable and practical than “universal, mandated standardised quantitative measures”. Furthermore, the final report should recommend offering grants to organisations conducting impact assessments of services delivered in Australia.

In support of the draft report's finding on the need for reform in the DGR system, I am particularly enthusiastic about the proposal to expand DGR status for animal welfare charities. This move will create a level playing field for animal charities, enabling them to focus on high-impact activities and improve the lives of millions of animals in underfunded areas.

The lack of DGR status has disproportionately affected animal welfare policy and advocacy charities, as they receive little government funding and largely depend on donations and bequests. Expanding DGR eligibility would significantly increase the effectiveness of these charities and enable them to tap into new fundraising channels, thus reaching new communities and further improving societal treatment of animals.

I thank you for this opportunity to provide feedback and look forward to the potential improvements to the for-purpose sector in Australia.

Regards,  
Gray Horwitz