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8th February 2024

Dear Productivity Commission,

I wish to comment on the Future Foundations for Giving draft report.

I am writing as a dedicated Victorian philanthropist with a deep passion for animal welfare. I regularly donate to several animal advocacy and animal welfare charities that currently do not have Deductible Gift Recipient (DGR) status. I appreciate the opportunity to review and provide comments on your draft report.

Throughout my involvement in the for-purpose sector, my primary concern is the ability to make a meaningful impact on pressing societal problems, for some of Australia's most vulnerable individuals. The draft report's proposal to alter DGR eligibility, particularly for charities focusing on preventing harm, could indeed be transformative. I am excited by the potential it holds to reshape the sector in Australia.

I concur with the draft report's assessment that our current DGR system requires an overhaul. A simpler, fairer system is called for, one that promotes consistency (Draft recommendation 6.1). Extending DGR status to animal welfare charities is a commendable proposal as the current system disadvantages many charities involved in policy and advocacy work aimed at improving animal welfare.

The current DGR structure acts as a barrier to many animal charities, creating an uneven playing field. By removing these obstacles, we can direct more funding towards high-impact activities aiming to improve the lives of millions of animals in underfunded areas such as farmed animals, aquatic animals, wildlife, and animals used in research.

The draft report cites that the sector receives significantly less government funding than the average 50%. Major animal welfare charities that do not provide direct care to animals rely heavily on donations and bequests, which constitute up to 99% of their income. Extending DGR status across the sector could significantly enhance the effectiveness and impact of animal welfare charities.

Given the high level of Australian support for animal charities, I believe that altering the DGR eligibility criteria could help charities reach new communities and open new fundraising channels, such as workplace giving, corporate fundraising, major donor and philanthropic giving, Instagram and Facebook fundraisers, PayPal Giving Fund, and various third-party fundraising and crowd-funding platforms.

I am also in favour of the draft report's recommendation to include public interest journalism amongst those eligible for DGR status. I would, however, recommend that the final report include a more detailed justification for this decision. Public interest journalism plays a crucial role in our democratic society, providing accurate, reliable, and independent information to the public, acting as a watchdog against corruption and giving voice to under-represented groups. Furthermore, activists disseminating factual information which may be of public interest should have the freedom to do so, for example, video footage obtained by Farm Transparency Project.

The report highlights that only 40% of registered charitable news organisations currently have DGR status, as there is no existing DGR category that covers public interest journalism. Expanding the

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DGR eligibility to include this sector would help strengthen its capacity to inform public discussion and hold power to account.

In response to the Productivity Commission's discussion of impact evaluation in terms of reference 3.ii, I would advocate for a more realistic goal that aligns better with the terms of reference. The draft report rightly acknowledges the disconnect between the donor and the beneficiary, and the need for the government to ensure value for money. However, setting the bar for impact evaluation too high could be detrimental. The key insight is that the most impactful interventions can often be exponentially more effective than average ones. Not all charities are equal, in fact, some charities can be hundreds or even thousands of times more effective than others. I would urge the Productivity Commission to review several studies that highlight this disparity in impact, such as "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?" by Benjamin Todd.

Considering the lack of impact focus among donors and charities, the government must fill this gap to ensure value for money. While practicality, cost, and unintended consequences are valid concerns, they can be navigated by implementing more realistic targets and using overseas charity evaluators as models, for example, GiveWell or The Life You Can Save.

Several proposals could boost the sector's net benefit impact without excessive cost or risk. Firstly, addressing the identified skills gap by providing guidance, toolkits, and piloting approaches to tackle the skills gap in measuring impact. Secondly, implementing "optional, opt-in measures that suit participating organisations" as a more achievable goal. Finally, offering grants to organisations conducting impact assessments of services delivered in Australia, which could attract overseas charity evaluators to Australia or encourage domestic ones to evaluate local charities.

Expanding DGR status to animal welfare and advocacy charities is an essential recommendation in the draft report. Considering the potential for opposition from for-profit industries, such as the animal agriculture industry, it is crucial to pre-empt possible resistance and expand recommendations to address these issues. The final report should include more pre-emptive discussion, including any consequential recommendations relating to disqualifying purposes, public benefit or other areas of law that may become more contested if the recommendations are adopted.

Thank you for considering my feedback. I look forward to seeing the final report.

Regards, Dr Helen Jeges