

---

## Neil Ferro

2 February 2024

Dear Productivity Commission,

My name is Neil Ferro, hailing from Sydney, where I have lived for over 40 years. I am writing in response to the recently released draft report on philanthropic giving in Australia. My passion for making a positive impact in the world is what has driven me to attend events such as the Good Ancestors Event on submission, and what compels me to offer my thoughts on the draft report.

I consider the report's recommendations to be positive, with the potential to transform the for-purpose sector in Australia. The suggested changes to DGR, particularly the expansion to include charities working to prevent harm, can make a significant difference. I am also encouraged by the proposal to reform the current DRG system, advocating for a simpler, fairer system that enables more consistent outcomes. The inclusion of animal welfare charities in the DGR status expansion is a particularly welcome development.

Presently, many animal welfare charities face barriers due to their lack of DGR status, as they do not directly care for or rehabilitate animals. These charities perform crucial policy and advocacy work, improving animal welfare on a large scale. By extending DGR status, we can ensure that all donors to this cause are supported, and more funding can be directed towards high-impact activities in currently underfunded areas such as farmed animals, aquatic animals, wildlife, and animals in research.

It is also worth noting that the lack of DGR status disproportionately affects animal welfare policy and advocacy charities. These organisations receive little government funding, far less than the average mentioned in the draft report, and rely heavily on donations and bequests. Therefore, extending DGR status to the entirety of this sector would greatly enhance the effectiveness and impact of animal welfare charities working to improve societal treatment of animals.

The expansion of DGR eligibility criteria will also open up new fundraising channels, such as workplace giving, corporate fundraising, major donor and philanthropic giving, Instagram and Facebook fundraisers, PayPal Giving Fund, along with various third-party fundraising and crowd-funding

---

platforms. I anticipate that this change will not only have a positive impact but also help charities reach new communities.

I am pleased to see the draft report's recommendation to extend DGR status to include public interest journalism. However, I believe the final report would benefit from a more detailed justification for this decision. There is a wealth of literature attesting to the merit of public interest journalism. It provides accurate, reliable, and independent information to the public, holds institutions accountable, and contributes to the functioning of a healthy democracy. Public interest journalism often focuses on marginalised communities or neglected issues, promoting fairness in society, and protects freedom of expression by tackling sensitive topics and challenging powerful individuals or institutions.

The draft report highlights that only 40% of registered charitable news organisations currently have DGR status. The PIJA submission explains that public interest journalism 'informs public discussion and decision making, ensures open justice and holds powers to account'. Given the powerful interests that may oppose this change, I believe the report could benefit from a clear statement about why public interest journalism should be eligible for DGR and a clear definition of public interest journalism.

As for the Commission's discussion of impact evaluation in response to terms of reference 3.ii, I believe there is a better approach, one that is more realistic and better aligned with the terms of reference. The draft report correctly identifies a type of market failure in the charity sector where the donor is disconnected from the beneficiary. It also notes that many charities lack the skills for impact evaluation, and many donors do not prioritise community benefit when donating. Given this, there is a strong case for government involvement in impact evaluation.

One key insight is that highly impactful interventions can often do much more than average ones. The disparity in impact is far wider than in typical markets. I recommend the Commission review various studies that highlight this point, 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? A collection of all the studies we could find" by Benjamin Todd.

Given these findings, it is crucial for the government to pilot different approaches to encourage the for-purpose sector to focus on increasing its impact. I propose addressing the identified skills gap by providing guidance and toolkits to charities, developing "optional, opt-in measures that suit

---

participating organisations", and offering grants to organisations that can conduct impact assessments of services delivered in Australia.

The draft report's discussion on expanding DGR status to include advocacy activities is another positive development. Advocacy charities have allowed me to engage more deeply in our democracy and have helped me feel more empowered on a range of topics. I believe the final report could benefit from a minor clarification, however. The proposed expansion should not be limited to advocacy activities themselves but should also include the surrounding and supporting work.

Lastly, I think it's important to pre-empt possible ways these proposals could be thwarted in practice and expand recommendations to provide solutions to those issues. I recommend that the Commission includes more pre-emptive discussion and 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 your time and for considering my feedback. I look forward to seeing the final version of the report and the positive changes it will bring about.

Regards,

Neil Ferro