

Dear Productivity Commission,

My name is Samuel Grew and I help run Humanitix, the world's first not-for-profit ticketing platform. In 2023 alone, Humanitix donated 4.5 million dollars to our charity partners. Following the release of the draft report for the Philanthropy Inquiry, I am writing to provide further information and feedback.

In my initial submission last year, I advocated for the expansion of Deductible Gift Recipient (DGR) status to cover a broader array of impactful causes, including charities working on preventive issues such as animal suffering and catastrophic risks. I was delighted to see the draft report acknowledging and supporting this argument. However, I am concerned about the potential influence of well-funded incumbent organisations, who may attempt to overturn or obstruct the proposed changes.

I agree with the draft report's finding that the current DGR system needs reform. The proposal to expand DGR status for animal welfare charities is particularly commendable. This change will allow charities that focus on policy and advocacy work, which benefits animal welfare on a large scale, to attract significant donations and apply for grants. By levelling the playing field for these charities, we can direct more funding towards high-impact activities in underfunded areas such as farmed, aquatic, wildlife and animals in research.

The lack of DGR status has disproportionately affected animal welfare policy and advocacy charities. Most of these charities receive little to no government funding and rely heavily on donations and bequests. Extending the DGR status to these charities will significantly enhance their impact on improving societal treatment of animals. With animal welfare consistently ranked in the top three causes supported by Australian donors, I am confident that this change will not only have a positive impact but also help charities reach new communities.

The draft report's discussion of impact evaluation in response to terms of reference 3.ii was surprising. I believe a more realistic goal could be achieved by adopting the methodologies used by proven overseas charity evaluators. These evaluators employ opt-in models allowing for a cooperative understanding of the theory of change, relevant evidence and evaluation methods.

The draft report rightly identified a form of 'market failure' in charity, where the donor is disconnected from the beneficiary. It also highlighted the government's interest in ensuring that it achieves value for money for its subsidy and that charities deliver the greatest net benefit. However, I believe the report sets the bar for impact evaluation too high, and many viable options do not necessitate mandating standardised measures across all charities.

Research shows a dramatic disparity in the impact of different charitable interventions. Some interventions can be 10 or even 100 times more impactful than average interventions, while others can even be harmful. This disparity, wider than in typical markets, presents a significant

opportunity for improvement. To aid in this, I recommend the Productivity Commission review several key resources, 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.

To address these disparities, I propose several measures. Firstly, to tackle the identified skills gap, the government could provide charities with guidance and toolkits on developing their theory of change, collecting evidence and conducting evaluations. Secondly, rather than pushing for universal, mandated standardised quantitative measures, an opt-in system that suits participating organisations would be more achievable and less likely to lead to unintended consequences. Lastly, I recommend the government offer grants to organisations that can conduct impact assessments of services delivered in Australia, thereby encouraging a greater focus on domestic charities.

I believe the expansion of DGR status to charities working on advocacy is one of the most crucial recommendations in the draft report. However, it's important to be aware that industries with overwhelming policy influence may oppose this change. I recommend the Productivity Commission consider potential issues that may arise from a larger range of policy advocacy organisations obtaining DGR status and include pre-emptive discussion and recommendations accordingly.

Thank you for considering my feedback on this important issue. I look forward to the final report and hope to see these recommendations implemented.

Regards,  
Samuel Grew