



# **The Prime Minister's Community Business Partnership**

***Submission to the Prime Minister and Minister for Social Services, the Hon. Kevin Andrews***

**This submission addresses key issues in relation to the proposed re-establishment of the Prime Minister's community Business Partnership, an initiative CCA supports.**

***November 2013***

## Introduction

This submission briefly outlines some significant issues for Australia's not-for-profit sector in response to the proposal to re-establish the Prime Minister's Community Business Partnership (CBP).

This submission has been prepared in consultation with Community Council for Australia (CCA) members (see listing of members in *Appendix 1*) as well as other organisations working in and with the not-for-profit sector. It is important to note that this submission does not over-ride any policy positions that may be outlined in individual submissions from CCA members.

While CCA supports the need to re-establish the CBP, there are a number of important issues that CCA believes need to be addressed to ensure the CBP is effective and delivers maximum benefit to the Australian community. To this end, this submission focusses on the need for the CBP to address key policy issues that impact on the level of giving and philanthropy in Australia, and the effectiveness of investment into the NFP sector from business and government.

CCA appreciates this opportunity to provide input into the work of the CBP and hopes this submission is given due consideration. CCA is more than willing to engage in further discussion about any issue raised in this submission.

## About CCA

CCA is an independent, non-political member-based organisation dedicated to building thriving communities by enhancing the extraordinary work and effort undertaken within the not-for-profit sector in Australia. CCA seeks to change the way governments, communities and the not-for-profit sector relate to one another. This includes establishing a regulatory environment that works for community organisations and not against them.

The mission of CCA is to lead by being an effective voice on common and shared issues affecting the contribution, performance and viability of not-for-profit organisations in Australia through:

- Providing thought and action leadership
- Influencing and shaping sector policy agendas
- Informing, educating, and assisting organisations in the sector to deal with change and build sustainable futures
- Working in partnership with governments, business, and the broader Australian community.

## **Context: not-for-profit sector (civil society)**

The not-for-profit (NFP) sector contributes over \$43 billion to GDP per annum, encompasses over 600,000 organisations ranging in size from large to very small, and is estimated to employ over one million staff (or eight percent of all employees in Australia). Current turnover exceeds approximately \$100 billion annually. Over the last decade, the growth in the NFP sector is second only to the mining industry and employment growth has outstripped any other industry.

These figures only tell a small part of the story. The real value of the NFP sector is in the often unattributed contribution to the quality of life we all experience in Australia. NFPs are at the heart of our communities and are what makes us resilient as a society.

The importance of the NFP sector is now being recognised around the world with almost every government putting in place measures to drive enhancements for the sector. Smaller government and bigger community is a common theme, driven in part by savings, but also by a commitment to greater civic engagement and productivity within the NFP sector. The re-establishment of the CBP offers an Australian reflection of this growing international trend.

The recent history of the NFP sector is framed by very significant growth. There are however, a number of emerging issues that suggest the rate of growth has slowed. The level of individual giving has not increased at the same level as prior to the global financial crisis in 2008, and the revenue available to governments is effectively falling in real terms against a backdrop of increasing demands and higher community expectations.

There have been numerous reports and recommendations relating to the NFP sector over the last decade, but it is only in recent times that governments have begun to enact some of these recommendations and embark on a long overdue process of reform and enhancement. In Australia there are a number of initiatives seeking to increase productivity across the not-for-profit sector. These include efforts to promote social enterprise; reduce compliance costs for NFP organisations; encourage a diversification of financing options to build a more sustainable funding base; streamline and refine the regulation of NFPs and charities; develop a clearer definition of charities; establish less bureaucratic reporting requirements while building community transparency; and improve relationships between government and the NFP sector.

The Australian Charities and Not-for-profits Commission (ACNC) is now operational. The establishment of the ACNC is the first time the NFP sector has an independent regulator dedicated to serving their needs. This is a positive step towards reducing red tape and enhancing the role of the sector. While many of these initiatives are in their infancy, it is clear that the NFP productivity agenda has begun and initial savings are starting to be realised.

In the context of recent changes, the NFP sector is slowly but surely finding its voice, building its power and seeking real reform that will provide substantial savings to government and tangible benefits to the community.

Given the size of the sector and its critical role in our community, a well constituted CBP will be in an ideal position to drive significant economic and social benefits should the government choose to support measures that will result in further investment in strengthening the role of civil society.

## Background

The former Prime Minister's Community Business Partnership was a group of prominent business and community leaders appointed by the Prime Minister to advise the Australian Government on community business collaboration, philanthropy and corporate social responsibility.

The then Department of Families, Community Services and Indigenous Affairs provided a Secretariat for the Partnership and, through a Partnership website, provided access to research and other information supporting the concept of stronger and more cohesive communities through individuals, communities and businesses working together to achieve positive social outcomes. The Government also played a critical role in both supporting and enabling this partnership.

With the change of government in November 2007 came a new approach to strengthening communities, the then CBP was dissolved and the website closed.

The incoming Abbott government has supported re-establishing the Prime Minister's Community Business Partnership – an initiative CCA strongly supports.

In his most recent speech on this issue, Minister for Social Services the Hon. Kevin Andrews said;

***'Philanthropic endeavours strengthen and empower communities, harness the inherent virtue of Australians and encourage a greater sense of purpose and belonging across communities and incomes.***

***We need to encourage a culture of philanthropy and giving in Australian life, and one way in which we want to do that by re-establishing the Prime Minister's Community Business Partnership.***

***The Community Business Partnership will advise the Australian Government on community business collaboration, philanthropy and corporate social responsibility.***

***Again, its work will be undertaken without unnecessary red tape and costs.***

***Our nation's many thousands of volunteer services, welfare, environmental, sporting and community groups bear witness to this nation's belief in independent communities, who freely volunteer their time, resources and innovative skills.***

***This kind of activity must be facilitated, not stifled, by Government.***

***A community that freely gives of its time and its financial resources is a community with a stronger social fabric and more social capital.***

***Onerous reporting obligations, the rising cost of living and the impact of the GFC on investments, have all had an impact on the charitable and volunteer sector, with philanthropic contributions tapering off in recent years.***

***I look to a new Community Business Partnership to re-invigorate our culture of philanthropy and giving.***

***I believe the Partnership will encourage prominent Australians from the business and community sectors to work together for the benefit of the community.'***

## Overview of key issues

### 1. Support for the Community Business Partnership

CCA believes the Commonwealth government has a very important role to play in encouraging and facilitating greater engagement in civil society. CCA strongly supports the policy goal of strengthening relationships between business, community and government with an emphasis on encouraging greater engagement and support for our not-for-profit organisations.

The activity of the previous CBP included: promoting awareness; providing education and guides to business and communities; encouraging excellence in giving and program development through awards and workshops; encouraging increased volunteerism; reviewing barriers to giving and supporting changes in areas such as taxation and concessions. There is no doubt that there are real benefits in building on this record of achievement.

Consequently, CCA supports the re-establishment of the CBP and proposes that the primary objectives of the CBP should now focus on the following areas:

- 1. Increasing both the level and effectiveness of investment in the not-for-profit sector with a particular focus on philanthropy and the relationship between not-for-profit organisations, business, community and government.***
- 2. Increasing knowledge and awareness of the value of investing in the not-for-profit sector with a strong focus on impact and benefits including better measurement and reporting of investment outcomes.***
- 3. Increasing the level of collaboration between not-for-profit organisations and across communities including business, particular populations groups, organisations and government.***

These three areas have been identified through a series of consultations conducted by CCA with members and other key players in the business and community sector. CCA consultations were specifically designed to identify key areas that impact on the future viability and effectiveness of civil society organisations. Some of these workshops were co-facilitated by PwC and involved banks, philanthropists, researchers and specialist consultants as well as representatives of some of Australia's leading not-for-profit organisations.

It is important to emphasise that participation in these consultations extend well beyond traditional social services with representatives of various areas within the not-for-profit sector including philanthropy, the arts, education, animal welfare, international development, sport and recreation, emergency response services, employment, and volunteerism among others.

It is also interesting to note that all participants in the CCA workshops felt that a single dimension strategy to enhance the value of civil society was doomed to failure and that all three of the areas identified above needed to be the subject of increased discussion and action if civil society is to thrive over the next decade. Each of these areas is considered in more detail in *Section Three* below.

## **2. The structure and scope of the CBP**

### **2.1 Main committee**

CCA believes the CBP should have one main CBP Committee involving a cross section of individuals with a wide knowledge across business, civil society organisations and government. While the Prime Minister should be the chair of the CBP, it is hoped there will be scope to appoint two deputy chairs: one from business and the other from the NFP sector. It is also anticipated that key government ministers, including the Minister for Social Services should be appointed as ex officio members and be able to attend any meeting of the CBP and its working groups. This might include ministers in key portfolio areas for the not-for-profit sector covering the arts, international development, sport and recreation, health and ageing, education, and regulation (i.e. the Assistant Treasurer).

### **2.2 Working groups**

Reporting to and informing the main CBP Committee, CCA believes it is important to have three working groups each addressing one of the three key areas outlined in this submission. Each area would have a chair, who is also a member of the main CBP Committee and therefore able to directly report to the CBP.

How each of these three working groups is constituted would depend on the specific area and level of knowledge and expertise required to provide informed input. It is also important to prioritise the involvement of a diverse range of individuals from across business and community, and where appropriate, government, to inform the deliberations of each working group, but this need for diversity should be balanced against the requirement for specific knowledge.

### **2.3 Resourcing**

The effective operation of the CBP and its working groups will require the allocation of appropriate levels of secretariat support and discretionary budgets to allow for support to all committees, research, development of publications, running of workshops, website, media and other communications, awards and other events.

### **2.4 Evaluation**

As part of the allocation of resources to the CBP, it is vital that at least five percent of the budget should be dedicated to evaluation of the impact of the CBP. All too often initiatives such as the CBP achieve results that go unreported or are inadequately documented. CCA believes one of the priorities in making decisions about resourcing the CBP is to ensure adequate monitoring and reporting on the impact and outcomes of CBP activities can be achieved.

### **2.5 Annual Reporting**

Each year the CBP should provide a public annual report outlining activities and outcomes. It is appropriate that this report is tabled in the Commonwealth Parliament.

### **3. The three areas of high priority - the working groups**

- 1. Increasing both the level and effectiveness of investment in the not-for-profit sector with a particular focus on philanthropy and the relationship between not-for-profit organisations, business, community and government.***

The not-for-profit sector enjoyed consistent growth in income above five percent per annum over more than a decade until the impact of the global financial crisis in 2008. Since 2008 there has been a reduction in revenue growth and many not-for-profit organisations are finding it difficult to maintain current programs and services as income streams from governments, philanthropy and fee for service have largely stalled.

In many ways this tightening of income sources can provide a focus to improve current practices across the not-for-profit sector, particularly in areas such as efficiency, effectiveness, measuring and reporting impact and outcomes, investing in organisational capacity and leadership, diversifying income, and driving more strategic partnerships. Most importantly, the changing environment in which not-for-profits operate should be a catalyst to drive greater community engagement and better use of existing capital.

Some of the questions we need to ask in this area are: how do we most effectively invest in the not-for-profit sector, how well does the sector use the capital it has, how can communities be more involved, how can we promote and encourage philanthropy, how can organisations become less reliant on government, how do organisations best work with business, how can organisations establish and maintain social enterprises and other income producing activities?

These are very important questions for the future of our civil society, questions that can and should drive reform across communities, business and the not-for-profit sector. For this reason, CCA believes investment is a critical area of focus for the CBP and should have its own working group with expertise from the not-for-profit sector, business, investment, government and philanthropy.

- 2. Increasing knowledge and awareness of the value of investing in the not-for-profit sector with a strong focus on impact and benefits including better measurement and reporting of investment outcomes.***

If the not-for-profit sector is to attract greater philanthropy, partnerships with business and other forms of engagement and investment, it needs to get much better at monitoring and reporting on the value it provides to our communities. All too often not-for-profit organisations do excellent work, but are not able to fully demonstrate the value of this work to their community including to potential investors or partners.

This area of measurement and reporting is clearly fundamental in developing a stronger more highly valued not-for-profit sector. This is why it needs a dedicated working group that can bring expertise from academia, the not-for-profit sector, and business with a focus on being able to better demonstrate the value of work undertaken in the not-for-profit sector and the benefits of broader engagement in this work.

**3. *Increasing the level of collaboration between not-for-profit organisations and across communities including business, particular populations groups, organisations and government.***

Organisational collaboration is very difficult for many not-for-profits primarily because they see their future as grounded in the capacity to compete with other organisations for the same resources. This includes competition for government, private and philanthropic investment.

There are also key factors about identity and purpose that often mean not-for-profit organisations see themselves as unique and special, unlike other groups and unable to work with others without compromising their fundamental organisational mission and values. These same factors can sometimes act as a barrier to volunteerism and other forms of engagement.

The CBP has previously produced a range of resources for business and for the not-for-profit sector about how to achieve better partnerships. This work needs to be expanded and built upon to demonstrate real value, not just to the organisations involved, but to the communities they seek to serve.

Achieving better collaboration within and across sectors will require a significant investment of time and resources from people with knowledge and experience in this area. CCA strongly supports this being the focus of a dedicated working group with broad representation from people who have been involved in driving collaboration within the not-for-profit sector and with other sectors.

## **Conclusion**

CCA strongly supports the need for the CBP.

CCA also believes the CBP must become much more than a talk-fest or promotional opportunity seeking to increase the level of volunteerism (important though this is), or have business and not-for-profit groups be nice to each other (another desirable but not sufficient goal).

To ensure the CBP realises the potential to achieve positive change, CCA believes the structures must focus on critical issues for the not-for-profit sector and for our community. The CBP needs to drive real reform in the ongoing engagement between not-for-profit organisations, their communities, business and government. Without the CBP it is difficult to see how these important relationships are going to be improved, and without some improvement in these critical areas, the true potential of civil society will not be realised.

A strong CBP will benefit all Australians through enhancing the invaluable work of our not-for-profit sector. There are few goals more important to government and our communities.

## Current Membership – Community Council for Australia

### Attachment 1

<b>Organisation</b>	<b>CEO/Director</b>
Access Australia's National Infertility Network Ltd.	Sandra Dill
Access Community Group	Larissa Daniel
Alcohol and Other Drugs Council of Australia	David Templeman
Alcohol Tobacco and Other Drugs Association ACT	Carrie Fowlie
ANEX	John Ryan
Associations Forum Pty Ltd	John Peacock
Australian Council for International Development	Marc Purcell
Australian Healthcare and Hospitals Association	Prue Power
Australian Indigenous Leadership Centre	Rachelle Towart
Australian Institute of Superannuation Trustees	Fiona Reynolds
Australian Major Performing Arts Group	Bethwyn Serow
Australian Women Donors	Julie Reilly
Church Communities Australia	Chris Voll
Connecting Up Australia	Anne Gawen
Consumers Health Forum of Australia	Carol Bennett
<b>Drug Arm</b>	<b>Dr Dennis Young (Director)</b>
Foundation for Alcohol Research and Education	Michael Thorn
Foundation for Young Australians	Jan Owen
Fundraising Institute of Australia	Rob Edwards
Goodstart Early Learning	Julia Davison
<b>Good Beginnings Australia</b>	<b>Jayne Meyer-Tucker (Director)</b>
<b>HammondCare</b>	<b>Stephen Judd (Director)</b>
HETA Incorporated	Sue Lea
Hillsong Church	George Aghajanian
Illawarra Retirement Trust	Nieves Murray
Lifeline Australia	<b>Jane Hayden (Director)</b>

Maroba Lodge Ltd	Viv Allanson
Melbourne Citymission	Rev. Ric Holland
Missions Interlink	Pam Thyer
<b>Mission Australia</b>	<b>Toby Hall (Director)</b>
<b>Musica Viva Australia</b>	<b>Mary Jo Capps (Director)</b>
Opportunity International Australia	Rob Dunn
Philanthropy Australia	Louise Walsh
Principals Australia Institute	Heather Parkes
Pro Bono Australia	Karen Mahlab (Assoc. Member)
<b>RSPCA Australia</b>	<b>Heather Neil (Director)</b>
SARRAH	Rod Wellington
Save the Children	Paul Ronalds
St John Ambulance Australia	Peter LeCornu
Social Ventures Australia	Michael Traill
<b>Surf Lifesaving Australia</b>	Greg Nance
The ANZCA Foundation	Ian Higgins
The Australian Charities Fund	Edward Kerr
<b>The Benevolent Society</b>	<b>Anne Hollonds (Director)</b>
<b>The Big Issue</b>	<b>Steven Persson (Director)</b>
The Centre for Social Impact	Andrew Young
<b>The Smith Family</b>	<b>Lisa O'Brien (Director)</b>
The Ted Noffs Foundation	Wesley Noffs
Variety Australia	Neil Wykes
Volunteering Australia Inc	Brett Williamson
<b>Wesley Mission</b>	<b>Keith Garner (Director)</b>
Wesley Mission Victoria	Rob Evers
WorkVentures Ltd	Arsenio Alegre
<b>World Vision Australia</b>	<b>Tim Costello (Chair)</b>
YMCA Australia	Ron Mell
Workplace Giving Australia	Peter Walkemeyer
Youth Off The Streets	Fr Chris Riley
YWCA Australia	Dr Caroline Lambert