

A charitable view of the Abbott Government's first year

National Press Club, 8 September 2014

A year ago Australians voted for change. The Birthday Party thrown by Community Council for Australia (CCA) at the National Press Club one year and one day into the Abbott Government's first term looks at whether that change has brought a wrecking ball of ideological payback or a new era that paves the way for a strong and vibrant sector.

Rev Tim Costello, Chair of CCA said that Government cuts and changes to policy pulling on the economic, regulatory and social support levers were impacting the sector.

'There is no doubt that this is a tough time for the sector and for the community. Change and uncertainty come as demand for support and services climbs,' said Rev Costello.

He was joined by Jan Owen (CEO of Foundation for Young Australians) and Toby Hall (CEO of St Vincent's Health Australia) in a panel discussion ranging across the issues, challenges and opportunities facing the sector. A discussion underpinned by the latest [national survey](#) of the sector's confidence undertaken by ProBono Australia, NetBalance and CCA.

'While the majority of the 1200 respondents indicate the sector has performed OK over the last 12 months, we also see more than half expecting sector performance will deteriorate over the next year,' said Rev Costello.

Respondents (majority of which were NFP CEOs or Board members) pointed to negative impacts from Federal Government funding (65%), Federal Government policy and regulations (60%) and State Government policy and regulation (49%).

The Government has had the sector on its agenda: funding cuts



and changes to grant processes; an intention to disband the infant ACNC; an attempt to delay the implementation of a modern definition of charity; the ditching of the proposed tax on unrelated commercial activities of NFPs; the opening up of access to major grant programs for disaster recovery and regional development; a proposed National Centre for Excellence and a promise to re-establish the Prime Minister's Community Business Partnership. Some moves have been welcome – others not.

Charities do want to see an attack on red tape (86%) and they want to see an online one stop shop for information (88%), a report once and use many times reporting framework (86%), a national register of NFPs (84%) and harmonisation of fundraising legislation (82%). They would also like to see a mechanism to expand and strengthen partnerships between business and NFPs (86%) and a social finance taskforce (80%). They are less enamored with the need for a National Centre for Excellence (47% for, over a third -35%- stating it was unimportant).

'There are big issues and big decisions being taken that affect this sector,' said Rev Costello.

A sector that is not only at the heart of our communities, but also at the heart of the economy employing more than 1 million Australians, turning over \$100 billion annually and contributing \$54 billion to the national accounts.

'That's why we need genuine, constructive dialogue with Government,' said Rev Costello, echoing calls from a pre-election forum last year that called for whoever formed Government to engage constructively with the sector rather than impose predetermined agenda to suit narrow political agendas.

But is that what we see?

So with cake and speeches comes a Birthday wish: Prime Minister, we are not 'third' after business and government – we're at the heart of flourishing communities, the economy and a prosperous nation – work with us and we can together begin to achieve real and improved outcomes for our sector and communities.

More details from the Press Club discussion.



Rev Tim Costello



Jan Owen



Toby Hall

CCA Budget action

At post-Budget briefing sessions held in Melbourne, Sydney, Canberra and Newcastle, CCA CEO David Crosbie said, 'We are pleased that the Government has allocated \$6 million for the new Community Business Partnership. This new body has the potential to help drive real improvements for all not-for-profit organisations in Australia and the communities they serve. CCA looks forward to working with the Government to ensure the new partnership fulfills its potential.'

Mr Crosbie pointed out that the charities and not-for-profit sector is critical to the economy and to all Australian communities.

'It is increasingly important for governments to increase their investment in this sector if we are to build a resilient and productive society for all Australians. In tough times we need more, not less capacity in our not-for-profit sector. Making savings in grant programs may be economically desirable, but cutting charities hurts us all in the long run.'

CCA provided a [detailed submission](#) in the run-up to the Budget, outlining a seven point \$35 million dollar plan to reduce red tape and improve productivity for the sector over the coming three years. Recommendations include:

- o providing Deductible Gift Recipient (DGR) status to all registered charities (initially exempt churches and schools)
- o establishing a Centre for Excellence in NFP Effectiveness.
- o establishing a Social Finance Taskforce (as recommended by the Senate Economics References Committee) to identify and promote better access to capital for NFPs.
- o ensuring an independent process in determining charitable status and in driving government red tape reduction by supporting and developing the ACNC.
- o increasing Government commitment to and support of philanthropy by re-establishing the Prime Minister's Community Business Partnership; 'opt out' systems of workplace giving; mobile phone giving; and establishing a NFP bank to support capacity building in NFP organisations.
- o implementing recommendations of the Corporations and Markets Advisory Committee (CAMAC) into the administration of Charitable Trusts.
- o supporting the development of a Future Blueprint for the NFP Sector.

To ACNC or not to ACNC?

The latest national survey results reaffirm support by the majority of the sector for the ACNC as the right regulatory solution. And they think the things the ACNC is working to provide are important to the performance of the sector: reduced red tape (86%), an online one stop shop for information (88%), a report once and use many times reporting framework (86%) and a national register of NFPs (84%).

While the Government talks about an approach to regulation underlined by trust in 'rebuttable virtue', we see the ACNC acting on hundreds of complaints – large and small - that have the ability to undermine public trust, confidence and support for the sector. We see a public national register of over 50,000 charities that is easily accessible, promotes public confidence and enables data collection that will support the sector with research and data never before available. We see work towards a charity passport to realise the dream of report once, use often, and we

Voting with our feet on non-options

The Not-for-profit sector has largely stayed away from Federal Government consultations held to discuss the proposed alternative arrangements replacing the charity regulator, the Australian Charities and Not-for-profits Commission (ACNC).

CCA CEO David Crosbie said the consultations are a 'predetermined tin-eared exercise in tokenism'.

'This 'consultation' is the kind of consultation you have when you are not interested in consulting, so it is not surprising the charities and members of the Not-for-profit sector are voting with their feet.'

'There is no fairness in the way the sector or the community are being treated in this process. The agenda of protecting the bigger hitters in the financial sector and elsewhere seems to be driving



see a Commonwealth regulator working with the States to remove duplication.

The ACNC is young and it's not perfect, but how many would prefer to close its doors and return to regulation by the ATO? Survey says: 6%.

The [Open Letter](#) to the Prime Minister signed by CCA and organisations from across the sector in April 2014, CCA submissions, Senate Inquiry evidence and links to media commentary are available at www.communitycouncil.com.au

the Government policy agenda, reflecting a complete disregard for the thousands of submissions, hundreds of hours of consultations, numerous considered reports, broad based surveys and ongoing feedback from across the charities sector, all supporting the position that the ACNC is a positive step forward for the sector and we do not want to go back to the bad old days of the ATO and ASIC.

'You can spin it however you want, make up your own version of what you want to call a consultation, but the facts are the facts. Every consultation and inquiry process, even this predetermined tin-eared exercise in tokenism, has found the charities sector wants to keep the ACNC.'

CCA's [submission](#) on the Department of Social Services Options Paper is available at www.communitycouncil.com.au

A modern definition of 'Charity' - finally

Why block implementation of the new definition of charity? It was a question no one seemed able to answer as the Abbott Government moved to delay the new definition of charity until the new Senate took its place in July.

The move failed with both the ALP and the Greens opposing the delay.

CCA CEO David Crosbie said the sector has strongly endorsed the new definition and for good reason.

'The previous common law rulings date back to 1601 and cause considerable confusion to anyone seeking to navigate what is or is not charitable. It is especially difficult for under-resourced community organisations with limited access to legal expertise.'

'The new laws not only offer clarity, but also modernise the definition of charity to cover vital areas such as advocacy, Indigenous affairs, housing and disaster relief,' said Mr Crosbie.

'It achieves important goals including:

- Enshrining the High Court decision in *Aid/Watch* to ensure that charities can advocate changes to laws, policies and practices without jeopardising their charitable status, and
- Modernising current law to recognise charitable purposes as the protection of human rights, the promotion of reconciliation and tolerance, and to acknowledge that modern charities 'advance' their causes by researching, educating, preventing and raising awareness.'

The new definition of charity survives, but the Government's actions in seeking to delay the implementation until a new Senate was in place raised significant concerns within the sector.

'Organisations are concerned and wonder if this might be about Government unease with provision of charitable status to advocacy based groups?' said Mr Crosbie.

We have watched with interest adoption of a position by the Federal Liberal Council to remove tax-deductable status from environmental groups, moves in Canada to target audits toward environmental groups and other 'advocacy based charities' as well as the recent NZ Supreme Court fun and games relating to Greenpeace and whether it is a charity.

An axe wielded in a positive direction

The Abbott Government's decision to scrap the Better Targeting of Tax Concessions legislation is good news.

'The previous Government proposed legislation in this area that would have brought into question all the income-producing activities of Not-for-profit organisations in an unnecessary and counter-productive campaign against inappropriate use of charitable status,' said CCA CEO, David Crosbie.

This announcement is a very good outcome for the one in eight Australians employed in the not-for-profit sector, and all our communities that will benefit from their not-for-profit organisations being both more secure and more able to diversify their income streams.

In this area, the Government has clearly listened to the not-for-profit sector and provided a measure of certainty for future planning of income-producing activities. CCA had raised this issue with the Assistant Treasurer and he has responded very positively.

Community Business Partnership

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.

CCA welcomes the re-establishment of the Community Business Partnership and proposes that the primary objectives should 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.



A National Centre for Excellence?

'The community sector is the engine room from which strong and resilient communities are built, and when empowered, develop their own solutions and respond to individuals' and community needs,' Social Services Minister Kevin Andrews said in December 2013, as he spoke to plans for a National Centre for Excellence and the consultation and modelling work to be undertaken by the Centre for Social Impact (CSI).

'It will help build capacity of the civil society sector by supporting innovation, providing education and training, and working to reduce reporting and red tape,' said Minister Andrews.

CCA CEO David Crosbie, a member of the Project Advisory Committee established by CSI said that a sector led Centre for Excellence drawing on our existing research and advocacy base would be welcome.

'The sector wants a say and it wants to be listened to. There is interest in a Centre for Excellence, but not as a bureaucratic exercise or one that duplicates work that is already happening. A role to promote 'best practice' approaches to evaluation and assistance for NFPs to navigate existing support for best practice is a direction that CCA hears support for,' he said.

CCA's Budget Submission recommended action on the Productivity Commission's Report, 'Contribution of the Not-for-profit Sector' (2010) which said that among its roles, the Centre should provide:

- a publicly available portal for lodging and accessing evaluations and related information provided by not-for-profit organisations and government agencies;
- guidance for undertaking impact evaluations;
- support for 'meta' analyses of evaluation results to be undertaken and made publicly available.



C20 Melbourne, 2014

CCA CEO David Crosbie chaired discussion on how to build stronger civil institutions with panel (from left) John Hyde, Steve Price Thomas, Helen Sullivan and Abel Guterres.

Productivity begins with charity

ABS Satellite Accounts, July 2014

The 50 000 economically active charities and NFPs in the sector:

- Employ more than 1 million Australians;
- Turn over \$100 billion annually;
- Hold assets of \$176 billion;
- Contributes \$54.8 billion to the national accounts.

Time for a blueprint

'Charities are not only at the heart of our communities, they are at the heart of our economy – and they continue to outperform most other parts of the economy. Show me another part of our economy that managed to grow at above 8% per annum even through the GFC,' said CCA CEO David Crosbie.

'The future of Australia's NFP sector is too important to our economy and our communities to be allowed to grow in a largely ad hoc way with little real planning or strategic investment. At present there is no plan, no strategy and no real projection about the future viability or even the sustainability of the current levels of growth across the NFP sector,' said Mr Crosbie.

CCA's 2014 Budget submission called for a modest investment by Government to work with the sector to develop a forward-looking blueprint.

CCA discussion with leading NFP groups, trusts and foundations, major corporate and finance bodies, and others sees strong interest from these groups in participating in and contributing to the development of a blueprint for the NFP sector.

Access to capital critical

'The way charities and the not-for-profit sector access capital is a critical component to the effective and efficient functioning of our economy and our communities. There needs to be a freeing up of capital to support the not-for-profit sector,' said CCA CEO David Crosbie.

'Unfortunately many banks and other financial institutions have difficulty engaging with or underwriting the not-for-profit sector as risks are not always as easy to identify and quantify.'

'In an ideal world, there might be a 'stock market for good' where investors interested in achieving various social outcomes and impacts could invest in the broad range of social programs, and organisations delivering better outcomes would be able to attract greater capital and deliver a greater social benefit,' said Mr Crosbie.

Concepts such as impact investing are in some ways only just beginning in Australia. New approaches in this area include government backed social development investment and social bonds, but we still have a long way to go if increased capital is to be made more readily available to address social needs. This area is slowly growing.

CCA is a part of the Social Impact Investment Taskforce in Australia, working through the G8 and other local and global initiatives to facilitate greater social impact investment. CCA has also argued for an NFP

bank underwritten by the dead money accounts (unclaimed Superannuation etc.) that could invest in generating increased social benefit.

'While we recognise that unclaimed moneys are a community asset that needs to be preserved and available for anyone claiming their money back, there is nothing to stop some of these funds being used to underwrite real investment in the not-for-profit sector that will benefit the whole community.'

'The community would support the diversion of unclaimed moneys into a fund that is transparent and achieves real social benefit. CCA met with Treasury officials and has provided a submission to the Government (available on our website).

CCA members have identified three areas critical to improving the sustainability of the not-for-profit sector through diversifying the sources of capital:

- a. Access to capital: addressing issues related to bringing capital into the sector, economic sustainability, leveraging existing capital assets;
- b. Measuring performance: supporting evaluation, measuring and articulating contribution to the economy and community;
- c. Collaboration and mergers: improving performance through back office mergers, scaling of effort, collective impact, achieving efficiencies.

Action speaks louder than words

CCA CEO Forums

CCA is working with partners to host a series of CEO forums during October and November on *Better Using our Assets: leveraging capital to achieve our purpose.*

To register your interest in attending a forum in Canberra, Sydney, Melbourne, Brisbane, Adelaide or Perth, please contact Deborah Smith at CCA: email deborahs@communitycouncil.

CCA is an independent member based peak body committed to strengthening Australia's not-for-profit sector by advocating for policy and regulation that benefits the work and impact of all not-for-profits.

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