



Australian Government

**Department of Families, Community Services
and Indigenous Affairs**

**Parliamentary Joint Committee on Corporations and Financial
Services**

**Inquiry into Corporate Responsibility and Triple Bottom Line
Reporting**

**Submission by the Department of Families, Community Services
and Indigenous Affairs**

INTRODUCTION

This submission to the Parliamentary Joint Committee on Corporations and Financial Services outlines some of the initiatives of the Prime Minister's Community Business Partnership and Australian Government Department of Families, Community Services and Indigenous Affairs (FaCSIA) to encourage corporate social responsibility (CSR) and business engagement in the community in Australia.

THE PRIME MINISTER'S COMMUNITY BUSINESS PARTNERSHIP

Background

Established by the Prime Minister in 1999, The Prime Minister's Community Business Partnership (the Partnership) is a group of prominent Australians from the community and business sectors who work to foster community business partnerships, act as a 'think-tank' on philanthropic matters and promote corporate giving and corporate social responsibility. The Prime Minister chairs the group, and the Minister for Families, Community Services and Indigenous Affairs is the Deputy Chair. Current members of the Partnership are included at Appendix A. The secretariat to the Partnership is based in the Department of Families, Community Services and Indigenous Affairs (FaCSIA).

The concept of the 'social coalition' underpins the work of the Partnership, that is, that all sectors - government, community and business - have a responsibility to the wider community, and that through working together to address societal challenges, better outcomes will be achieved. In 2000, the Prime Minister, the Hon. John Howard MP, said:

"Working in partnership not only has the potential to enrich people's lives but can also deliver tangible results for all Australians. Community and business partnerships are a driver to accomplish better outcomes than any group acting alone can possibly achieve."

The Partnership's work program focuses on the strategies of recognition and awareness raising, facilitation and advocacy. Its key areas of work on community business collaboration and corporate social responsibility are outlined below. The Partnership's work program also covers encouraging individual giving.

Recognition and Awareness Raising

Prime Minister's Awards for Excellence in Community Business Partnerships

The Awards were established in 1999 as one of the first initiatives of the Prime Minister's Community Business Partnership and have been presented annually by the Prime Minister since that time.

Now in their eighth year, the Awards recognise the joint contributions of business and community organisations working together to address community concerns. Over 1500 community business partnerships have been profiled through the Awards.

The Awards are divided into *Small, Medium and Large* business categories, and are presented at the state and territory level and at a national level. There are also three Special Award categories for: *Impact on a Community, Longevity, and Media*. Special Awards are only presented at the national level. The judging panel comprises people from the business and community sectors and media. The judges select the winners of the state and territory level of the Awards, and recommend the national finalists and winners

to the Prime Minister.

The Awards have succeeded in generating a greater understanding of the relationships and interdependencies between communities, business and governments. Information on Award winning partnerships is available from the Partnership's website (www.partnerships.gov.au) or from the Awards booklet produced each year and available from the secretariat (an example is at Appendix B).

Around 300 nominations for the Awards are received each year. About 25% of these nominations are from new partnerships (formed within the previous 2 years), indicating a growth in the number of partnerships and a growing awareness of the Awards across Australia.

The *Giving Australia Survey of Business* found that in 2003-2004, 17% of business giving (of a total \$3.3 billion) was to community business projects. This increased from 13% (of a total \$1.5 billion), estimated by the Australian Bureau of Statistics through its *Generosity of Australian Business Survey* for the 2000-2001 year. These figures show an increasing trend for businesses to be involved in community business partnerships over other forms of 'giving', such as sponsorships.

Sponsorship of other awards

The Partnership sponsored a community business partnerships category in the 2005 National Local Government Awards to recognise and reward local governments that foster, and work in partnership with community organisations and businesses to address local community issues. The sponsorship is continuing for 2006 and 2007.

The Partnership also sponsors the Community Spirit Award as part of the National Retail Association's (NRA) Rewards for Excellence program. This sponsorship commenced in 2005.

National Community Business Partnerships Week

National Community Business Partnerships Week is an initiative of the Partnership that was introduced in 2004 as a response to calls from the business and community sectors for more opportunities to learn about community business partnerships. The week comprises a day of activities held in each capital city. The program focuses on issues relating to community business partnerships and includes keynote speakers, exhibits of successful partnerships, and workshops. The winners of the state and territory level of the Prime Minister's Awards for Excellence in Community Business Partnerships are also announced during Partnerships Week. (A copy of the program of activities held in Melbourne in 2005 as part of Partnerships Week, is included at Appendix C). Over 600 people attended Partnerships week in 2005 with around 1000 people attended the Awards section of Partnerships week nationally.

Corporate Social Responsibility Essay Competition

Introduced in 2004, this annual national competition aims to generate debate about corporate social responsibility issues amongst our future community and business leaders. Separate competitions are held for secondary school and university students. The essay competition offers young people the opportunity to express their opinions about the role of business in society. To date over 800 students have entered the competition, writing essays on a range of issues relating to corporate social responsibility. An

independent judging panel, comprised of people from business, community organisations and academia, selects the winners and place-getters of the competition. The winners and place-getters are awarded prizes by the Minister for Families, Community Services and Indigenous Affairs. See examples of prize winning essays at http://www.partnerships.gov.au/csr/corporate_csr_essay_competition.shtml

In sending in their entries, students have also provided comments about the teaching of corporate social responsibility. A number of secondary students commented that the essay competition was their first exposure to corporate social responsibility issues, and that CSR was not part of their current school curriculum. Many expressed the view that the issues were important to young people and should be covered at secondary school. Entries have been received from university students studying a wide range of subjects, but many commented that they are only likely to come across the term in their classes if they undertake business studies, and that in some business or management courses, the study of CSR is only an optional component, or covered quickly as part of a broader study on ethics.

Research Projects

The Partnership has funded a number of research studies on business engagement in the community, corporate social responsibility and the nature of giving in Australia:

- *Corporate Community Involvement: Establishing a Business Case* (<http://www.partnerships.gov.au/library.html>), a study undertaken by the Business Council of Australia and the Australian Centre for Corporate Public Affairs;
- *Triple Bottom Line Measurement and Reporting In Australia: Making it Tangible* (<http://www.partnerships.gov.au/library.html>), jointly funded with the Department of Environment and Heritage;
- Australian Bureau of Statistics *Business Generosity Survey 2000-2001* (<http://www.abs.gov.au/> - Industry wide statistics, publication 8157.0); and
- *Corporate Australia Building Trust and Stronger Communities? A Review of Current Trends and Themes*. A literature review looking at the question of whether corporate Australia, through cross-sector partnerships, builds trust and stronger communities, by Dr Jehan Loza and Sarah Olgivie, Social Compass, November 2005; (see www.partnerships.gov.au/pdf/corporate_australia.pdf)

Giving Australia: Research on Australian Philanthropy

In October 2005 the summary findings of *Giving Australia: Research on Philanthropy in Australia* were released. This research is the most comprehensive survey completed in Australia of the contributions made in money and time by Australian individuals and businesses, with more than 10,000 people contributing to the quantitative and qualitative research. The part of the research most relevant to the PJC inquiry is that on business involvement in the community.

The results of the survey of business involvement in the community showed that business giving in 2003-04 more than doubled since 2000-01, with more than 525,000 businesses, or 67 per cent of all businesses, giving \$3.3 billion in money, goods, services and time

during 2003-04. Business giving in 2003-04 consisted of 68% in money (\$2.21billion), 16% in goods (\$0.52billion) and 16% in services (\$0.52billion). Business giving consisted of 58% in donations, 25% in sponsorship and 17% in community business projects.

The focus groups and in-depth interviews undertaken as part of the Giving Australia project found that business tended to give if a staff member advocated for a cause or organisation or if there was a business case to support a particular community organisation. Large business in particular gave in a range of ways (staff time, money, goods) and gave most strongly if they had social responsibility values; had created policies, plans and budgets for community support; had a focus on work/life balance; if staff were interested in volunteering; or if they had a formal foundation. The *Giving Australia: Summary of Findings* report and the *Giving Australia: Survey of Business* report are at Appendices D and E.

The Prime Minister's Community Business Partnership's website and newsletter
The Partnership's website (www.partnerships.gov.au) provides information on the Partnership and its initiatives. It also includes information on community business partnerships, corporate social responsibility and philanthropy.

The Partnership has issued "*Community Business*", newsletters to a distribution list of 6,000 business and community organisations. The newsletters showcase Australian community business partnerships and report on the work of the Partnership. Partnership members also provide articles covering their views on CSR related issues. An example of the newsletter is at Appendix F.

Conference and Seminar Sponsorships and Participation

The Partnership sponsors conferences and seminars to promote community business engagement and CSR. Sponsored conferences and seminars include: Engage Week 2004 and 2006 (employee volunteering), Edmonds Management Sustainability Series, Philanthropy Australia conferences in 2003 and 2005 (the Philanthropy Australia conferences included sessions on corporate philanthropy), and Communities in Control conferences 2004 and 2005.

The secretariat to the Partnership also participates in many CSR and community business engagement conferences by providing a speaker and/or holding a trade booth. Conferences include: CSR Summit 2005, CSR Forum 2005 and 2006, Australian Human Resources Institute Annual Convention 2005 and 2006, Minerals Council of Australia Sustainable Development conferences in 2002, 2003 and 2005, the Local Government Managers Australia National Congress 2005 and 2006 and the Australian Local Government Association National General Assembly 2005 and 2006. There is a high level of interest in the Partnership's support materials at these events, which demonstrates engagement in the promotional approach to CSR. Attendance at these conferences ranges from 50 to 1500 people.

Other resources

A number of other resources have been developed by the Partnership to promote awareness of community business collaboration, including a DVD on community business partnerships (Appendix G); Business Case for Community Involvement (Appendix H) and a special issue of Ethical Investor (Appendix I).

Facilitation

Workplace Giving Australia

This initiative encourages medium and large businesses to establish a workplace giving program. A workplace giving program enables employees to make regular pre-tax donations to charitable organisations with deductible gift recipient status, through automated payroll deductions. A pre-tax donation provides an immediate tax benefit to an employee, so there is no need to wait until the end of the financial year to claim a tax deduction for the donations.

To ensure Government is demonstrating leadership, the Workplace Giving Australia initiative also aims to increase the availability and uptake of workplace giving programs across the Australian Public Service.

Workplace Giving Australia includes:

- an information kit (Appendix J) and a support program of workshops, an email advisory service, and newsletters for businesses; and
- a tailored program of support for Australian Public Service departments and agencies that wish to implement workplace giving.

There have been a number of companies, (for example Dux Hot Water, Middleton Lawyers, Kimberley Clarke, and Caltex) that have commenced, or have indicated they will soon implement, a workplace giving program and have received assistance from the Workplace Giving Australia initiative. In addition, the Australian Government Departments of Foreign Affairs and Trade, Immigration and Multicultural Affairs, Education, Science and Training, Defence Civilian and Military, and Veteran's Affairs, have agreed to implement workplace giving programs, and the Communications, Information Technology and the Arts, Attorney-General, Employment and Workplace Relations, Finance and Administration, Health and Ageing, Industry, Tourism and Resources, Treasury departments are being assisted to increase participation rates in their existing programs.

National Community Business Partnerships Brokerage Service

A National Community Business Partnerships Brokerage Service was seed-funded through the Partnership in 2003. Since its establishment, the Brokerage Service has facilitated the development or expansion of around 200 community business partnerships across Australia.

Managed by Our Community Pty Ltd, the Brokerage Service was originally established in partnership with the Australian Chamber of Commerce and Industry and the Municipal Association of Victoria. The service provides advice and information about establishing and maintaining community business partnerships to small and medium sized businesses and community groups and assists them to identify partners. The Brokerage Service has developed a number of products, including the Community and Business Partnerships Brokerage Service: The Essential Facts: Partnership Planner (a copy is provided at Appendix K) as well as a comprehensive online resource for developing and maintaining effective community business partnerships. (see http://www.ourcommunity.com.au/business/business_main.jsp)

The Australian Business and Community Network (ABCN)

Partnership funds were also provided to catalyse the establishment of The Australian Business and Community Network. This not-for-profit organisation was established in 2004 by a group of prominent business leaders with a view to providing monetary and volunteer support for disadvantaged communities in Australia. The group is focusing on young people and have at this stage has specifically worked with the South West Sydney - Liverpool region. The Partnership provided funding to enable the ABCN to finalise its tax and governance structure, to evaluate its pilot programs and to explore the leveraging up of these programs more broadly in Australia.

Other projects

In 2005, the Partnership funded Volunteering Australia to undertake a pilot project with Melbourne Cares to strengthen the capacity of not-for-profit organisations to benefit from corporate employee volunteering.

In 2000-2001, the Partnership funding was used for 25 projects under the "Facilitating Best Practice Partnerships" grants initiative. Projects included a Business and Community Partnerships Forum conducted by Rotary NSW, a corporate volunteering program undertaken by Volunteering NT, and a Rural Leadership Development Conference in the Eyre region, SA.

In 2001 the Partnership also undertook an extensive workshop series on community business partnerships. This was followed by a workshop series in 2004 undertaken by Our Community Pty Ltd, as part of the National Community Business Partnerships Brokerage Service contract. Workshops on community business partnerships are an integral component of Partnerships Week, which was introduced in 2004.

Advocacy

Encouraging CSR Breakfast Series 2005

In February 2005, the Partnership hosted breakfast seminars in Canberra, Sydney and Melbourne, about the business case and international developments in CSR. Fifty to eighty business and community leaders attended each seminar. The keynote speaker was Mr Peter Davies, Deputy Director, Business in the Community UK.

CSR Networks

An important component of CSR advocacy is developing and maintaining strong relationships with key stakeholders. The Partnership through its secretariat has developed a network of several hundreds of CSR stakeholders, and works with these people to discuss and disseminate information about developments in CSR and business engagement in the community. The stakeholder network includes CSR practitioners within business, business and industry and professional associations, business ethics and CSR academics, organisations facilitating business engagement in the community, including internationally, and CSR/sustainability consultants.

In her capacity as Deputy Chair of the Partnership, the former Minister, Senator Kay Patterson, wrote to the 26 companies that participated in the inaugural release of the Corporate Responsibility Index in Australia, acknowledging their participation and encouraging them to continue to show leadership in CSR.

Taxation reform to encourage business giving

The Partnership has recommended to the Australian Government a number of measures that have streamlined the taxation arrangements for individual, family and business philanthropy. The Government adopted many of the suggested changes. The changes most relevant to the PJC inquiry are those which have enabled:

1. a new form of private charitable fund to be established. Since the introduction of Private Prescribed Funds (PPFs) in 2001, information provided to the Partnership by the Australian Tax Office indicates that 312 funds had been approved by Government (as at November 2005). These funds have a corpus under investment of some \$334 million and have made grants of \$52 million to other charitable organisations; and
2. Australians who make regular pre-tax donations to a deductible gift recipient through payroll deductions to receive an immediate tax benefit rather than waiting until 30 June to claim deductions.

Advocacy by Partnership members

Members of the Partnership champion the benefits of collaboration between community and business, and corporate social responsibility through speeches or articles. Examples are: David Gonski's speech to the Financial Planning Association of Australia Conference, November 2005 (copy attached at Appendix L).

DEPARTMENTAL INITIATIVES

FaCSIA encourages corporate social responsibility. Because of this responsibility, FaCSIA aims to work with other Government departments to encourage the implementation of CSR/sustainability and non-financial reporting within and outside Government. A few of FaCSIA's initiatives in this regard are outlined below.

FaCSIA has been on the judging panel for the Australian Certified Chartered Accountants Sustainability Reporting Awards for the past three years.

FaCSIA staff participate in stakeholder and assurance panels of some organisations that are preparing sustainability reports, for example, Westpac and Mission Australia.

FaCSIA was the first Australian Government Department to produce a Triple Bottom Line (TBL) report. FaCSIA commenced reporting on its social, environmental and economic performance in 2002-03. The indicators used in the reports are based on those developed by the Global Reporting Initiative, and the Australian Government Department of Environment and Heritage. The Australian National Audit Office has undertaken limited assurance reviews of the reports.

FaCSIA's experience has been that the processes to enable reporting have improved key business systems, resulting in improved sustainability outcomes and savings to the department. Details are included in the reports (see <http://www.facs.gov.au/internet/facsinternet.nsf/aboutfacs/triplebottomline.htm>)

In addition, FaCSIA provided funding for the development and printing of the Global Reporting Initiative's Public Sector sustainability reporting guide. The Australian Government Department of Environment and Heritage also contributed funds to the development of this guide.

Workplace Giving in FaCSIA

FaCSIA has a workplace giving program in place where staff can choose to donate funds to a charity of their choice from their pre-tax pay. FaCSIA also supports staff to give to the community in other ways. The department's Certified Agreement allows staff to take up to three days per year of paid leave to volunteer for charities. Staff also undertake fundraising initiatives for a range of charities throughout the year, and donate blood to the Red Cross Blood bank on a regular basis. Details of these initiatives have been included in the department's Triple Bottom Line report (see <http://www.facs.gov.au/triplebottomline/2005/glance/index.html>).

APPENDIX A

CURRENT MEMBERS OF THE PRIME MINISTER'S COMMUNITY BUSINESS PARTNERSHIP

Chair

The Prime Minister, the Hon. John Howard MP.

Deputy Chair

The Minister for Families, Community Services and Indigenous Affairs, the Hon. Mal Brough MP.

Other Members

Ms Marina Darling	Managing Director, CapoNero Group
Mr Robert Gerard	Chairman and Managing Director, Gerard Corporation Pty Ltd
Mr David Gonski	Chairman, Investec Wentworth Pty Ltd
Mr Tony Howarth	Chairman, AlintaGas Limited
Mr Patrick McClure	Chief Executive Officer, Mission Australia Group
Reverend The Hon Dr Gordon Moyes	Former Superintendent, Wesley Mission
Mr Richard Pratt	Chairman, Visy Industries
Mr Fergus Ryan	Company Director, several companies
Mr Rob Hunt	Managing Director, Bendigo Bank
Ms Elaine Henry	Chief Executive Officer, The Smith Family
Dr David Morgan	Chief Executive Officer, Westpac Banking Corporation

The Partnership meets annually to discuss the Partnership's work program and emerging trends in philanthropy, community business collaboration and corporate social responsibility. The Partnership has an Executive Committee and three working groups (Philanthropy, Community Business Engagement and Corporate Social Responsibility), which meet at least biannually.

APPENDIX B

THE PRIME MINISTER'S AWARDS FOR EXCELLENCE IN COMMUNITY
BUSINESS PARTNERSHIP – BOOKLET

APPENDIX C

COMMUNITY BUSINESS PARTNERSHIP WEEK – PROGRAM OF EVENTS

APPENDIX D

GIVING AUSTRALIA RESEARCH REPORT – SUMMARY OF FINDINGS

APPENDIX E

GIVING AUSTRALIA RESEARCH REPORT – BUSINESS SURVEY

APPENDIX F

COMMUNITY BUSINESS NEWSLETTER

APPENDIX G

COMMUNITY BUSINESS PARTNERSHIP DVD

APPENDIX H

THE BUSINESS CASE FOR COMMUNITY INVOLVEMENT

APPENDIX I

SPECIAL EDITION OF ETHICAL INVESTOR MAGAZINE FOCUSING ON
COMMUNITY BUSINESS PARTNERSHIPS

APPENDIX J

WORKPLACE GIVING KIT

APPENDIX K

**THE BROKERAGE SERVICE – THE ESSENTIAL FACTS PARTNERSHIP
PLANNER**

APPENDIX L

SPEECH BY PARTNERSHIP MEMBER - MR DAVID GONSKI AO,
CHAIRMAN, AUSTRALIA COUNCIL AND CO-CHAIR ARTSUPPORT
AUSTRALIA, QUT AUSTRALIAN FAMILY FOUNDATIONS FORUM, SYDNEY