



Dr Richard Grant
Acting Secretary
Senate Standing Committees on Economics
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Dr Grant

The Community Council for Australia take this opportunity to provide an additional submission to the current Inquiry into Finance for the Not-for-Profit Sector.

The Community Council for Australia greatly welcomes this inquiry and the opportunity it presents to explore the options for the development of capital market for not-for-profit organisations and build a policy framework from the Inquiry's findings. Limited access to finance is just one significant capacity constraint facing not-for-profit organisations and we recognise the Inquiry is occurring at a time of Federal regulatory reform as well as initiatives to strengthen and develop social enterprises.

Given the opportunity presented by this Inquiry, the Community Council for Australia has recently brought together a roundtable of 15 experts working to develop more finance options for the sector as intermediaries, financial institutions, philanthropists, foundations, government and from within not-for-profit organisations to discuss the issues already highlighted by the Inquiry. Many of the participants have provided evidence at one of the Inquiry's hearings or made a written submission, however the group was keen to work together to bring forward advice to the Committee on their shared and significant priorities. A list of the participants is at Attachment A.

The roundtable has strongly recommended that a short term high level **Expert Taskforce** be established to address the following four priorities identified by the roundtable as the key considerations:

1. **The capacity of the sector** to use existing capital and equity, and absorb new capital and investment, noting that the not-for-profit and social enterprise sectors have different and emerging needs;
2. **Access to capital** - how to increase access to long term capital for the sector including capital

for construction of social infrastructure and growth of social enterprise. This includes considering the role of tax concessions and incentives in increasing access to finance over the longer term and building effective methods to measure impact;

3. Strengthening **the role of intermediaries** and infrastructure to develop and support new markets; and
4. Reviewing the **structural barriers to appropriate investment** including regulations, legislation and standard definitions that restrict new investment and leveraging of existing capacity within not-for-profit organisations.

Each of these four issues has a degree of complexity and requires a range of policy options to be developed. They also involve a range of agencies, individuals, companies and levels of government. For instance, areas such as evaluation of social impact and other forms of performance measurement, and the way governments contract and manage risk would need to be part of any deliberations across these four issues.

Another cross-cutting issue which has been identified by the roundtable is the need for a greater understanding of the current constraints in accessing finance and for greater innovation from government, private and public sectors to develop new finance options.

Social finance is still a new and emerging market in Australia but does have significant potential to build the capacity and impact of not-for-profits and social enterprises in Australia. Without new finance options, it is unlikely the sector will be able to maintain the growth rates of over 5% it has experienced in the last decade.

The **Expert Taskforce** should be established to shape a policy framework around the four key priority areas, build on the work of the Inquiry, and provide a set of clear consensus recommendations to Government on options for reform and opportunities for development.

Given the range of other not-for-profit regulatory and taxation reforms underway such as the establishment of a not-for-profit regulator in 2012, as well as emerging policy developments that strengthen social enterprises, the Taskforce should work rapidly to provide some clear guidance that aligns with these processes. The roundtable's early thinking was that the Expert Taskforce should operate for an initial period of 6-12 months. It is unlikely that given the breadth of individuals already consulted by the Senate Economics Committee in their Inquiry that there would be need for a further lengthy consultation process. There may be a place for a targeted consultation as well as drawing on the Committee's findings.

Given the comprehensive range of issues, the Expert Taskforce should comprise a range of key players from across sectors, and have a high level inter-face with government, particularly with involvement of the Treasury as well as the other central federal government agencies who will each have a key role in developing a longer term policy framework. It may be appropriate, given the short time lines and limited resources, to develop a working group for each of the four priority areas. This would also enable some co-option to bring in additional expertise in specific areas, thereby providing a deeper understanding of policy options and the potential.

An Expert Taskforce would require some resources to work effectively. In bringing together the roundtable discussion, it is apparent to CCA there are a small but passionate group of players who have many ideas about what can be done to grow the finance capacity of the sector. By bringing these champions together in a coherent way a solid and innovative policy framework can be established.

As noted elsewhere the establishment of expert groups on social finance to advise governments in the UK, Israel and Canada have acted as key policy drivers in those jurisdictions with the emergence of new social finance markets, through support from government and policy settings, with the support of the governments, investors and the not-for-profit sector. An Australian Taskforce would also have the opportunity to draw on the work which these expert groups have undertaken.

The Community Council for Australia thanks the Committee for the opportunity to provide this additional submission and we look forward to working with the Government on this important agenda. We are happy to provide more details, further materials and advice to the Committee if required.

Yours sincerely

David Crosbie
CEO
29 September 2011

APPENDIX A

CCA Roundtable – ‘Responding to the Senate Economics Inquiry into finance for the Not-for-Profit Sector’, Roundtable Participants, 19 September 2011

David Crosbie, CEO, Community Council for Australia (Chair)

Ian Learmonth, Director Social Finance, Social Ventures Australia

Louise Moes, Policy Director, Community Council for Australia

Louise Caseley, Operations Manager, Employment, Social Ventures Australia

Sandy Blackburn-Wright, Head of Organisational Mentoring, Group Sustainability and Community Involvement, Westpac

Andrew Young, Executive Director, CanTeen

Stephen Hawkins, Chief Financial Officer, Benevolent Society

Keith Bryant, General Manager Social Initiatives, Benevolent Society

Tim Morris-Smith, Chief Financial Officer, Mission Australia

Greg Peel, CEO and Managing Director, Community Sector Banking

Belinda Drew, CEO, Foresters Community Finance

Sandra Nugent, Strategy and Policy Adviser, Foresters Community Finance

Derek Minett, CEO, North Shore Heart Research Foundation and Director, Fundraising Institute of Australia

David Ward, Director Private Ancillary Fund Service, SVA and Treasurer, Philanthropy Australia

Peter Winneke, Head of Philanthropic Services, Myer Foundation

Libby Ward-Christie, Investment and Growth Manger, Social Traders