

# the **BOARD** REPORT

Our new-look, stories-at-a-glance Board Report this month brings you all the must-have stories for an engaged Board. May is Budget Month and the Not for Profit sector is not immune to the ebbs and flows of Treasury decisions. Plus NFP mergers and changes to the Volunteer Standards.

## Five to Follow

### Short on time?

These are the five most important developments from the past month. Click through to read the full story.

### 2015 Budget Coverage



### Children's Charity Merger Revealed



### National Volunteering Week



### DSS Tendering Inquiry



### Charities Living in a 'No-Excuses Environment' - ACNC



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# Children's Charity MERGER REVEALED +

**Two major children's charities, Save the Children and Good Beginnings, have merged in a move they say will create one of Australia's largest agencies working to improve the lives of children in disadvantaged communities.**

Good Beginnings specialises in providing early intervention and practical parenting programs for children in disadvantaged communities, and Save the Children works around Australia and in more than 120 countries delivering humanitarian aid.

"There are no simple answers or quick fixes to the complex issues that children face in vulnerable communities. That's why we have been working on a 10 year strategy," CEO of Good Beginnings Australia, Jayne Meyer Tucker said.

"Now, by joining with Save the Children an opportunity exists to leverage our joint expertise and local knowledge. Together we can broaden our reach, drive systemic change and become greater advocates for children and their rights."

"Both organisations have recognised the opportunity to work together on a shared bold goal for children in Australia," Save the Children's CEO Paul Ronalds told Pro Bono Australia News.

"I think the (Not for Profit) sector needs to face up to the challenges we have, such as increased stakeholder expectations, the technical challenges of finding and retaining donors and maintaining programs as well as the

tough funding environment.

"These issues are hitting us all at once and only agile organisations that adapt to these changing conditions will survive. All organisations need to examine what their value-add is and how this can affect their mission.

"The area we want to be best practice is in early childhood and we asked ourselves what it would take and it was clear that an increase in scale would make enormous sense," he said.

Ronalds said that Save the Children's Australian funding is \$20million per year which is part of its global budget of \$145 million and Good Beginnings had annual funds totalling \$8 million.

"If we combine this we will have close to \$30 million that we can do more with, to be effective and efficient and be able to trial innovation," Ronalds said.

"The merger will allow us to invest in the technical skills around early childhood development including an evaluation that can demonstrate our impact. We really need to be clear about the impact of our programs and for policy makers to understand this, otherwise we will not survive.

Ronalds said that the merger decision was not about cutting programs.

"Yes, there will be efficiencies that allow us to be far more effective but we want to expand our programs."

Ronalds said the tipping point for Save the Children was a desire by the organisation to increase its domestic footprint and increase its Australian programs with a strong emphasis on service delivery.

He said the organisation would continue to

work with refugee camps around the world and its humanitarian work would continue to be a significant part of the organisation.

Ronalds said the organisation would also continue to work providing services for children at Nauru's detention centre until its contract was up in October. But he said the end of the contract did not have any impact on the organisation's discussions around the merger which began in July 2014.

"There are clear benefits from maximising and sharing resources which is where a lot of NFP merges are derailed."

He said the commitment of Good Beginnings CEO Jayne Meyer Tucker was very focused especially with her bringing it to her board. "Without that focus it wouldn't have happened."

Ronalds said under the merger agreement a number of directors will join the Save the Children Board and the Good Beginnings organisation will become a subsidiary program-brand of Save the Children.

He said the two Sydney offices will become one, with some rationalising of back-office services to allow for general savings.

"Save the Children is 75 per cent Federal Government funded and Good Beginnings is 80 per cent Government funded."

He said both organisations receive State Government funding nationally but both bring significant corporate engagement teams together, which brings an important source of ongoing funding along with the regular donors and those who respond to humanitarian emergencies such as Nepal.

*Budget to Target***NFP TAX  
CONCESSIONS**

**Budget savings made from any changes to Not for Profit employment benefits should be returned to the sector, according to a peak body.**

CEO of the Community Council for Australia (CCA), David Crosbie, said many in the charities and Not for Profit sector recognise that the current concession system is unfair for most employees and some capping is inevitable, but any Government changes should see the savings kept within the sector.

"According to the ATO, the savings that can be achieved by capping the meals and entertainment card are well over \$100 million per annum," Crosbie said.

CCA says the concessions should be capped at \$15,000 per annum, and the money saved should be used to enable all charities and Not for Profit organisations to offer tax deductibility for donations made by their communities.

"ATO figures suggest this measure would be more than affordable with the savings from capping the FBT concessions, provided all schools and churches did not automatically qualify," Crosbie said.

"It is important to understand that more than one million Australians work for charity and Not for Profit organisations in Australia, most at well below commercial rates of pay.

"Over 90 per cent of these employees do not use a meal and entertainment card (originally intended to help the sector attract and retain staff) and of those that do, most claim back relatively small amounts.

"The reality is that there is a tiny minority within the sector that are very well-paid that can afford to spend and therefore claim tens of thousands in tax free income. Capping the concession is fair, but the savings should be directed towards the original intent – supporting our charities and Not for Profits."

*Directors & Business Leaders***MIXED  
ON BUDGET**

**Business leaders including company and Not for Profit directors are divided on whether the Federal Budget best meets Australia's future needs, despite unanimously welcoming tax cuts for small business.**

Delivering the Budget in Canberra, Treasurer Joe Hockey used a 1.5 percentage point tax cut for incorporated businesses with annual turnover of less than \$2 million and a 5 per cent tax discount for unincorporated businesses as a major selling point.

But Alex Malley, Chief Executive of CPA Australia, said the package was one of the only high points in Budget where it was evident the Government had been spooked by the negative reception it got in 2014.

"The only real highlights tonight are the positive announcements for Australian small business," he said.

"Tonight's budget lacks a real vision and commitment to the serious and overdue structural reforms that are desperately needed to secure Australia's future.

"Still nursing the wounds of its first bruising budget process, where a number of key reforms were rejected by the community and the Parliament, this time around it appears the preference is to be a small target and to please as many people as possible.

"Australian business and the community are desperate for a boost in confidence and certainty – unfortunately there are only a handful of initiatives announced tonight that assures me that we're heading in the right direction."

"Minister Billson should be applauded for leading on the package of initiatives designed to support small businesses, and help them invest and create jobs."

"Conversely, while the big ticket item of childcare reform is important, there are real questions over its funding."

"There has to be a level of courage and conviction to tackle reform. It is what we expect from our political leaders, yet following the trauma of last year's budget, this Government appears to have lost its nerve."

"Deferring problems to future budgets with a

nod and a 'she'll be right' wink is unacceptable."

Business Council of Australia Chief Executive Jennifer Westacott described the Budget as a "sound, sensible and thoughtful budget which takes pragmatic steps to get Australia's fiscal strategy back on track while investing in jobs, participation and the capacity of the economy" – following her organisation's urging for the Budget to ensure the durability of priority services.

"The Government has taken important decisions to preserve the integrity of major spending programs, rather than opting for ad hoc tax increases or other quick fixes that would impair economic growth and job creation," she said.

"The budget is without doubt a shot in the arm to small business, and creates a better environment for business confidence that will drive investment, job creation and economic growth.

"The National Wage Subsidy Scheme – a similar scheme to what we called for jointly with ACOSS and the ACTU – recognises that we need to remove barriers and provide incentives to employers to take on people who are locked out of, or disadvantaged, in the job market. This is a welcome initiative.

"We also welcome the Government acknowledging through this budget the concerns about cutting income support for six months for people under 30. In order for it to be effective, it will be important the new arrangements of a four-week wait period for people on income support are combined with intensive support services and skills development.

"...the child care package is a sound approach towards encouraging people to participate in the workforce and, importantly, the government has targeted the greatest support to the most disadvantaged families."

Westacott said better targeting of the aged pension, the pharmaceutical benefits scheme and the paid parental leave scheme was essential if those programs were to stay durable over the long term.

She also said that while tightening the assets test for high net worth pensioners was sensible, further changes to pensions should be considered as part of a review of Australia's retirement income.



# New National VOLUNTEERING Standards Revealed



## Significant changes to national volunteering standards have been introduced to coincide with National Volunteer Week, and include a strong focus on reporting and measuring volunteer involvement.

The new volunteering standards have been introduced "to reflect best practice in volunteer management in Australia's current work environment," according to Volunteering Australia.

Volunteering Australia's new National Standards for Volunteer Involvement were launched to mark the start of National Volunteer Week 2015 and include a focus on monitoring and reporting on an organisation's performance with volunteer involvement to the governing body, employees, volunteers and stakeholders.

Volunteering Australia CEO Brett Williamson said that the new standards had been designed to adapt to different types of organisations and the many different forms of volunteering reflected in the sector's growing diversity.

"The benchmarks contained in the Standards will help organisations attract, manage, recognise and retain volunteers, as well as to manage risk and safety with respect to volunteers," Williamson said.

"A 2009 review and a more recent consultation identified the need for revising the standards along the following lines of simpler and clearer language, an ability to apply them to different organisation types and forms of volunteering, especially taking into account the more recent developments in corporate volunteering, and incorporating good examples from international volunteering standards.

"The new Standards provide an exceptionally sound framework for supporting the volunteer sector as it is today and in the future.

"Importantly, the Standards will lead to an improved volunteer experience, which is critical given the vast number of Australians who volunteer – approximately six million.

"The value of their efforts to the Australian economy was most recently estimated at \$290 billion (O'Dwyer, 2014). It makes sense then, to ensure volunteers are happy and fulfilled in their roles."

Williamson said the CEOs of Volunteering SA & NT, Volunteering Tasmania and

Volunteering WA had worked for many years to review and develop the Standards on behalf of Volunteering Australia, with Breaking New Ground as the project's principal consultants.

Under the new Standards there are eight areas addressing key volunteer involvement.

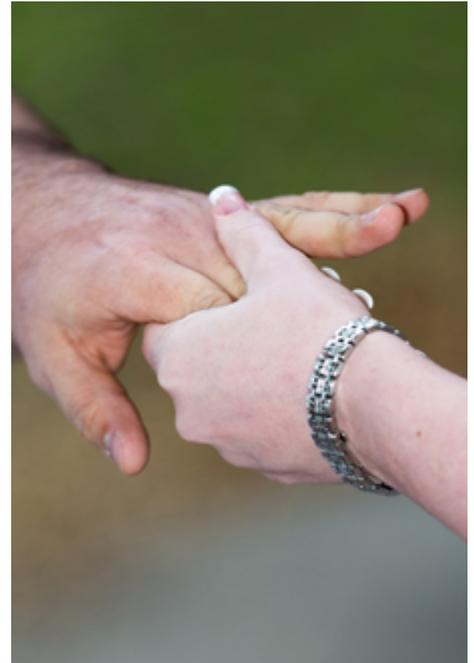
"The review of the National Standards for Volunteer Involvement has been a critical project. The original standards were written in 2001 and since then, the Australian work environment has changed considerably, including changes to the Work Health and Safety Act covering volunteers," CEO of Volunteering SA & NT, Evelyn O'Loughlin said.

"Volunteers' expectations and attitudes have also changed over time. They have stronger views on how they expect to engage with an organisation, and how they expect to be treated by an organisation to which they commit their time and skills. Significantly, the volunteer sector has also changed in that time, having adopted a professional approach towards volunteer management."

Volunteering Australia said guidance on applying the Standards will be provided via comprehensive implementation resources.

Additionally, Volunteering Australia said it will be working with Breaking New

Ground to develop a flexible, tiered voluntary certification, or 'Quality Mark' system, to enable organisations to check how they are tracking in implementing the Standards.



## Volunteering Tasmania Gets Peak Body Status

### Volunteering Tasmania has been officially recognised as a Peak Body by the State Government after 22 years of operation, resulting in over a quarter of a million dollars in annual funding in perpetuity.

The announcement came during celebrations for National Volunteer Week.

Premier Will Hodgman announced that the Government will be providing \$260,000 funding per year in perpetuity to Volunteering Tasmania.

Volunteering Tasmania said a component of the funding will be core funding, with the rest being project funding.

"This is a significant achievement for Volunteering Tasmania. Staff and boardmembers, past and present, have worked really hard for this recognition," Volunteering Tasmania CEO Adrienne Picone said.

She said that since 2009 the organisation has

been operating on project funding, which they have had to reapply for every three years.

It's believed that Volunteering Tasmania was the only state volunteer body without peak body status.

"The decision means we can really plan more efficiently and more strategically for the future," Picone said.

"We are so pleased that the Government acknowledges the value in volunteering, as well as the value we provide as a supporter of effective volunteering in the State.

"This announcement shows the Government's commitment to volunteering and the positive impact it has on Tasmanian communities."

According to the State of Volunteering Report: Tasmania 2014, four out of every five Tasmanians volunteer.

"For every one dollar invested in volunteering, at least four dollars in benefits are returned to the Tasmanian community. Investing makes great business sense," Picone said.

DSS Inquiry Calls on

# AUDITOR GENERAL

TO INTERVENE

## The long awaited inquiry into the Department of Social Services tendering process has called on the Auditor General to investigate and make changes to the Commonwealth Grants Guidelines.

The report also called on the Auditor General to examine “the effect the truncated timelines of the 2014 process had on poor engagement with the Not for Profit sector and stakeholder disenfranchisement”.

The Senate Committee said its ability to finalise the report however had been affected by the actions of the Department of Social Services.

“The committee received a submission from DSS and had the opportunity to ask questions of Departmental officials at the public hearing in April. On 7 May 2015, the committee received answers to questions taken on notice at the hearing. However, a number of key questions relevant to this inquiry’s terms of reference remain unanswered,” the report said.

“The committee therefore intends to recall the Department after this [interim] report has been tabled. These answers, and the committee’s full list of recommendations, will be the subject of a further report.

“The committee also flags its intent to conduct a further public hearing to examine the impact of the tendering process at a regional level. Stakeholders have strong concerns that the tender process has created gaps in the delivery of services, particularly at a regional level.”

The Senate Inquiry into the Impact on service quality, efficiency and sustainability of recent Commonwealth community service tendering processes by the Department of Social Services was initiated by WA Greens Senator Rachel

Siewert after the Federal Government’s \$1 billion cuts to community services in 2014. The Inquiry received 97 submissions from a range of peak bodies and community service providers.

In April, Not for Profit peak bodies and leading welfare organisations fronted the Senate Inquiry venting their anger and frustration over the Department of Social Services’ “open tender” process in which just 15 per cent of applications for funding were successful.

Peak bodies told a Senate Community Affairs Reference Committee that the tender process by the Department of Social Services had been deliberately divisive and had “pulled the rug out from underneath” the sector.

The inquiry was told that the Social Services Department received 5,572 applications from welfare groups seeking \$3.9 billion over four years when there was just \$800 million available.

As a result a number of peak bodies and advocacy groups learned that they have been defunded as part of the \$240 million budget cuts to social services - two days before Christmas.

Not for Profit sector peak body, Community Council for Australia, described the tender process as “a dog’s breakfast” approach to human service contracting across Federal Government agencies in its submission to the inquiry.

The Interim Senate report tabled in Parliament said an Auditor General review should include an assessment of how the process fared against each of the Commonwealth Grants Guidelines seven key principles:

- robust planning and design;
- collaboration and partnership;
- proportionality;
- an outcomes orientation;
- achieving value with relevant money;

- governance and accountability; and
- probity and transparency.

The Inquiry Committee recommended that the Auditor General also consider the merit of a two stage process for discretionary grant funding applications, beginning with an Expression of Interest followed by a closed grant round for successful EOI applicants; and whether there is merit in setting a standard that requires that new contracts are finalised within a minimum time prior to the end of existing service contracts.

“This inquiry has to date received considerable evidence that raises serious questions about the entire tendering process,” Committee Chair Senator Rachel Siewert said.

“The committee has concerns that the Government’s express goals of innovative service delivery and improved outcomes for service users have actually been hindered as a result of the way that the tendering process was designed and executed.

“This report canvasses many of these concerns. Given the complexity of the issues associated with the tendering process, and that its impact is still to be determined, the committee will deliver its full recommendations at a later time.”

The findings of the Interim Report, however were not unanimous.

The four Coalition Senators on the Committee made additional dissenting comments stating that the majority interim report was “a flawed, partisan report that contributes nothing to the real ongoing debate about how the Government can best deliver frontline community services”.

Coalition Senators Zed Seselja, Linda Reynolds, Arthur Sinodinos and Chris Back however acknowledged the good work of the community service sector in helping those most in need in our society.

Removing DGR From

# ENVIRO GROUPS

INAPPROPRIATE - SUBMISSION



**Individual Federal Ministers should not have the final say in determining charitable status or the eligibility for tax deductibility of Not for Profit organisations, a community submission to the Parliamentary inquiry into environmental advocacy groups has claimed.**

The House of Representatives Standing Committee on the Environment, chaired by Liberal MP Alex Hawke, announced in April that it would be scrutinising tax-deductible donations made to environmental groups and their Deductible Gift Recipient (DGR) status.

Peak body, the Community Council for Australia, in its draft submission to the inquiry said enacting such an approach was "inappropriate" and would create ongoing uncertainty and undermine the credibility of all charities.

Community Council for Australia said it's concerned that the inquiry seeks to confuse

the established definition of charity by bringing into question one particular area of charitable endeavour.

"Any suggestion that charities and Not for Profits advocating to reduce the degradation of the environment offer no benefit to the community is an absurdity," the submission said.

"Clearly there are strong vested interests that profit by exploiting the environment. While such groups are free to pursue their economic interests, the attacks on those who are operating as charities and Not for Profits is about economic gain, not long term sustainability and community benefit."

CCA said any reform of these concessions needs to be systemic and based on considered policy across the whole Not for Profit sector. To identify one sector (protecting and enhancing the sustainability of our environment) and raise the possibility of withdrawing concessions that will continue to apply across other Not for Profit sectors is, at best, a retrograde step.

"Such a measure will only exacerbate an already inconsistent set of rules, requirements and concessions while achieving no net benefit

for our community.

"The charities and Not for Profit sector wants to work with Government to reduce red tape while improving transparency and accountability. One way to achieve these outcomes is to accept the recommendations of many inquiries and reports by streamlining requirements for all charities in gaining DGR status.

"The best, most efficient, transparent and effective means of doing this is to empower (charity regulator) the ACNC to determine charitable status as well as making recommendations to the ATO on DGR eligibility.

"This would not only make the ACNC a truly one stop shop for charities, but also end duplication and costly reliance on a range of disparate departmentally based bodies that are under-resourced and ill-equipped for the roles they are enacting," the submission said.

Earlier this month almost 90,000 people signed a petition calling for the charity status of environmental and animal welfare organisations to be protected.

Charities Living In A

## NO EXCUSES

ENVIRONMENT-ACNC



**More than 1300 formal complaints have been made about Australian charities over the last two years, with most of the complaints concerning how they spend donor dollars, a new report by the national charity regulator has found.**

The report found that the most common complaints raised about charities were about resources being used inappropriately, possible financial mismanagement or fraud, a lack of transparency and accountability, charities harming their beneficiaries and sham charities and fundraising.

The Australian Charities and Not-for-profits Commission (ACNC) released the Charity Compliance Report: December 2012 – December 2014 and Beyond report which found that 67 per cent of complaints came from the Australian public, 18 per cent came from

other Government agencies and 15 per cent were identified from ACNC internal processes.

The charities investigated and subject to compliance cases by the ACNC controlled \$100 million in charitable assets, which the ACNC said meant those assets had now been protected from misuse.

Nine Australian charities had their charity status revoked by the ACNC as a result of formal investigations.

ACNC Commissioner, Susan Pascoe, in releasing the report warned that Australian charities will soon be living in a 'no-excuses environment' as the regulator approaches two and a half years of operation and they needed to be aware of their obligations.

"Monday 11 May is the fourth anniversary of the announcement of the establishment of the ACNC," Pascoe said.

"In our own minds the establishment period finishes on the 30th June. Now life's never that hard and fast but by then we should have all of the charities in (the register).

"98 per cent of them are engaging with us online, and from that point on we can send electronic reminders to people. We'll know their lodgement date... and we'll be able to remind them.

"They'll be pretty much in a no-excuses environment, which really hasn't been the case up until now."

Pascoe said the majority of the complaints about charities were resolved without a formal investigation, however 521 complaints were assessed by the regulator's compliance team, of which 96 became the subject of a compliance investigation.

Pascoe said Australians donate billions of dollars every year and any concerns raised about charities were taken seriously.

"When a complaint is raised with the ACNC about a charity's operations, we look into all of the relevant circumstances," Pascoe said.

## CARTOON



## EXECUTIVE EDUCATION

*Housing Assistance Australia 2015*, Australian Institute for Health and Welfare

See the article: [Growing Demand for Social Housing - Report](#)

*Hunger in the Classroom*, Foodbank

See the article: [Hunger in the Aussie Classroom - NFP Report](#)

*Investing for Non-profits: Essential Questions for Board and Committee Members White Paper*, Koda Capital

See the article: [NFP Investing White Paper Targets Boards](#)

*2015 Economic and Social Impact Survey*, Salvation Army

See the article: [Marginalised Living on \\$18 a Day - Salvos](#)

*Meaningful Brands 2015*, Havas

See the article: [Australia's Most 'Meaningful' Brands Revealed](#)

*Reclaiming what's material: A fresh approach to materiality analysis for reporting, strategy and business model appraisal*, Australian Centre for Corporate Social Responsibility

See the article: [Corporate Australia Must Rethink Materiality - Report](#)

*Life In Recovery Survey*, Turning Point/South Pacific Private

See the article: [Recovered Addicts More Civic Minded](#)

*Corporate Reporting in Australia*, Australian Council of Superannuation Investors

See the article: [One in Three on ASX200 Failing on Sustainability](#)

*Eyes on the Horizon*, Global Impact Investing Network

See the article: [Impact Investors Commit More in 2015](#)

## EDITOR'S PICKS

## Meagre Growth in

# AUSSIE

## DONATIONS

**Giving to charity in Australia grew by just 2 per cent over the year to February 2015, down from 10 percent at the same time last year, according to the latest NAB Charitable Giving Index.**

The National Australia Bank's bi-annual Charitable Giving Index shows that the average donation size grew by \$2 to \$336 per donor, with nearly all charity sectors experiencing an increase in average donation size.

The Index shows that growth slowed in most age groups (except 65+), in all regions and there was significant divergence in the rate of charitable giving growth across charity categories.

"The slowdown in giving mirrors some key findings from our Consumer Anxiety Reports which shows that Australians are responding to heightened stress by cutting back spending on 'non-essentials', including charitable donations," Alan Oster, Group Chief Economist said.

"Slower growth in charitable donations has also occurred against a backdrop of below trend economic growth and rising unemployment," he said.

The NAB Index also shows a very strong relationship between average dollar giving and average incomes in affluent suburbs across the country.

Middle Park in Victoria has again recorded the highest average donation amount of \$316.

In terms of giving as a percentage of income, Victoria's Castlemaine continues to lead the country for generosity, donating 0.36 per cent of residents' annual incomes, closely followed by Sturt in South Australia, where residents donate 0.35 per cent of their annual incomes.

Humanitarian services charities continue to attract the biggest market share of all donations, with 35 per cent of all donations.

Health and Disability charities received the next biggest share (13 per cent), followed by Charitable Lotteries (11 per cent) and Community Service & Children/Family charities (11 per cent).

"The NAB Charitable Giving Index provides a clear window into people's contribution to charities - playing an important role in helping the Not for Profit sector realise the giving potential in Australia," Rebecca Kotow, NAB's Head of Community Engagement said.

The Index is also a powerful indicator of how people are giving to their charities. Mobile apps and web-based charities are changing the landscape and revolutionising the way people donate.

"With more seamless channels for donation, and a much stronger desire to give digitally, it's important for charities to understand this shift in behaviour," she said.

## BOARD ROLES

## VICTORIA

*Opportunities*Board Member

WaterAid

Community Bank Director

Flemington Financial Services Limited

Board Directors/ Sub Committee

Windana: Drug and Alcohol Recovery

Board Member

Women's Health in the South East

## NEW SOUTH WALES

*Opportunities*Executive Officer

Multicultural Youth Affairs Network of NSW

Management Committee Member

The Deli Women and Children's Centre

Management Committee Members

Queen of Hearts Community Foundation

## TASMANIA

*Opportunities*Director

Community Based Support Inc

## QUEENSLAND

*Opportunities*Commissioner

Queensland Fire and Emergency Services

## SOUTH AUSTRALIA

*Opportunities*Board Member

Northern Suburbs Housing Community Inc.

## WESTERN AUSTRALIA

*Opportunities*Chair Person of Committee of Management

Nutrition Australia WA



# The EVOLVING CHAIR



## Complex health and social issues require complex solutions - solutions that organisations will struggle to implement going it alone, says Not for Profit sector veteran Leonie Young in this month's Evolving Chair.

Young was the CEO and Board Director of beyondblue between 2003 and 2010 and is now the Chair of Grow, a community-based organisation that helps Australians recover from mental illness through a program of mutual support and personal development.

She took on the role of Chair in February this year after joining the organisation's board in late 2014. She continues to sit on other boards, including those of the Australian Gynaecological Cancer Foundation and the National Parent & Infant Research Institute.

Young's national leadership career in the public and Not for Profit sectors in Australia has spanned over 30 years, including implementing and leading Australia-wide health, mental health and primary care reform strategies as a CEO, Board Director, NGO leader, State Manager and public sector executive.

## What is your organisation and what is the board structure?

My organisation is Grow; I joined the Board in November 2014 and accepted the role of Board Chair in February 2015. I think Grow is an amazing organisation, one of Australia's enduring mental health Not for Profits, established in 1957. It has a proven program for mental wellbeing, is a national and international NFP agency. Grow is a mental health leader in Australia in mutual help and peer support, with most of the program delivered by volunteers, people with the lived experience of mental illness.

The company is led by a CEO, Clare Guilfoyle, and governed by a Board of directors, with limited liability and registered with ASIC. I accepted the Chair role from Barry Peach, a long standing and considerate Chair whose personal support and commitment to Grow and its

values has assisted Grow's social and corporate development.

Grow aims to provide hope and recovery to people who strive to achieve and maintain good mental health; and to develop and influence the role of peer support as a method to achieve good mental health through the continued development of the Grow program, and through research and partnership with other like minded services.

## What attracts you to a Not for Profit or for-profit board?

After more than 30 years in the public and community health sectors as a successful CEO with beyondblue, State Manager and national mental health leader and program director, I'm proud and pleased to share my skills and expertise with Not for Profit boards as a director, and with Grow as Chair. In my experience, a well-functioning Board, together with a skilled CEO, shared goals, good practices, talented people, and thousands of indefatigable volunteers, supported by the community, will aid and strengthen the organisation and the communities it supports.

## What are the key sector issues that are being discussed at board level?

There are three key sector issues being discussed at Board level:

Recommendations to the Federal Government by Australia's Mental Health Commission Review of Australia's overburdened mental health services and the much anticipated but nil response to date;

The challenges of addressing ongoing stigma of mental illness which often prevents people from seeking help, and raising awareness of available Grow and other mental health services; and,

Preparing for the opportunities and challenges to the differing National Disability Implementation Scheme (NDIS) models across states and territories.

## Does your board believe collaboration between organisations within your area is important?

Collaboration has proven essential and is well regarded by the Grow Board, managers and Grow community. Why? Because no one service can address the complex needs of people with multiple health and mental health issues and together, we can achieve more; people often join Grow with complex health and mental health issues seeking access to housing, employment, family support, transport, disability, health and other supports - hence Grow works in close collaboration with many community and social support services - and we assist and complement multiple services.

## Do you have any advice around governance?

Board agreement to focus on corporate and board governance as ongoing agenda items and regularly reviewing progress, helps to build Board knowledge and understanding of the business - and improve the Board's performance.

## Do you have any advice around the Board's relationship with the Chief Executive Officer?

[It is] essential for good outcomes, for the Board and Chair to fully support the CEO, to build good relations, and for all to share organisational goals and business understanding in order to address the challenges of the organisation.

## What is a current priority for the Board?

Running a successful Odd Socks Day Campaign on the 2 October 2015 which focuses on reducing the stigma surrounding mental illness.

## NFP FINANCE LEADERS WORK TOGETHER FOR PROGRESS



**A single-minded CFO in the Not for Profit sector took it upon himself to seek out those with whom he could share his knowledge - creating a network of NFP finance professionals offering development opportunities to those transitioning from the corporate world.**

Daniel Langelaan felt something was missing from his role as Chief Financial Officer at the Australian Drug Foundation. As the only professional finance person at the organisation, Langelaan found himself grappling with the unique demands of working with financials in a Not for Profit environment without anyone to bounce ideas off.

To fill the gap, he established the Finance Leaders in For Benefit Organisations (FLiFBO) network, bringing together senior finance professionals from a range of Australian Not for Profit organisations to share knowledge, network and learn from the best of the corporate sector.

Now running for over two years, Langelaan has built a no-cost sustainable network - one that shows great promise, including its own governance structure, the security of a corporate partnership and the endorsement of CPA Australia.

Langelaan believes his concept is transplantable to other professions within the Not for Profit sector, including marketing, HR and IT. He recently spoke with Pro Bono Australia News about the risks he has taken, the benefits it's providing and his take on financial literacy within the Not for Profit sector.

### Strength in Numbers

Langelaan's initial callout came when he wanted to find eight to 10 Not for Profits who would be willing to catch up with him for regular meetings, so all participants could extend their knowledge collectively.

"Through networking I found a couple and then decided to go to CPA [Australia] and request their input to try and get some more support, and use their channels to promote the networking group. The response was enormous. We had over 200 responses from people who were interested," he recalls.

"We limited it to similar individuals - finance leaders working in Not for Profit organisations - and we did that because we were getting a lot of consultants, a lot of students, a lot of people just starting out - and we couldn't come up with an agenda that would suit everyone."

The sessions Langelaan runs today are comprehensive and meticulously organised, involving external speakers, networking time and discussion around agenda items attendees might like to see in future. The group has evolved to incorporate a governance structure, with a committee now working to set each agenda to best reflect the needs of the majority, he says.

"Attendance has been similar all the way through," Langelaan says. "The list has probably turned over a little bit, in terms of people finding out it wasn't quite right for them, but new people have come on board.

"In recent times it's starting to nudge up more.

"We have about 50 people at every meeting and we have it round-table as opposed to lecture style so there's an opportunity for discussion. We find that at about every meeting there's about 50 percent who are regular attendees, and 50 per cent who opt-in based on the topic."

### Finding Unity in Diversity

Langelaan's colleagues come from diverse backgrounds, both in terms of the sector and size of their organisations but also in terms of their previous experience.

"The size varies, it's probably the mid to large size that suits it best, With a lot of the discussions we do break out based on size or based on industry or topics they might or might not be interested in. If it's on financial reporting, for example, that's an area where we usually break up [according to] size," he says.

"In terms of industry within Not for Profits, it is a mix. We get a lot of community service organisations, and your Red Cross, your beyondblue, Australian Conservation Foundation. We get them, in education, disability, and mental health as well. A mix of backgrounds."

In particular, those who previously worked in the corporate sector and made the transition to Not for Profits have found great value in the sessions, he adds.

"The people who have come out of the private sector and have moved into the Not for Profit sector definitely get a lot of value out of this.

Myself included - I did come from a Not for Profit, but it was a very commercial Not for Profit, so it was a big change for me and I wanted to get started - that was my initial need at the start.

"It then also allows them to keep abreast of new ideas, to keep striving for continuous improvement, to get advice on certain issues - there's all those things going on, plus it allows you to build on your soft leadership skills."

Despite their differing backgrounds, Langelaan says he is able to appreciate their common struggles.

"Financial literacy varies a lot in Not for Profits, it's a pretty common theme," he says.

"For the finance leader it's about providing the right information, providing it in a timely way, and at the right level. If you want people to think strategically, you've got to pitch it at that level, but at the same time give them enough information so you've got their trust, that they can have assurance that you've got the controls in place to keep the risks under control.

"We just had an agenda item on this recently where we talked about the role of the finance leader in Not for Profit organisations in reporting to the board. We had an open discussion about the issues we have dealing with boards, and audit committees, things like that.

"Volunteers on boards can make it difficult to get buy-in at times. The interaction between [board] meetings [in Not for Profits] is probably a bit more limited than what you would see in the corporate sector for that reason as well."

### Scaling the Concept

Daniel Langelaan has continued to grow his concept, securing corporate sponsorship and seeking feedback from participants.

A survey conducted after 12 months of operation found that 91 per cent of members found the sessions useful for networking and development and 71 per cent found them useful for networking.

"It helped us understand where they saw the value - was it attendees, was it information, was it in other areas?" Langelaan says.

"Where it differs from a lot of other groups is in the networking. You can go to a training course or get industry updates but there's always that sales aspect, but here it's actually run by the users, so it's relevant to the users."

# CAPACITY

## BUILDING

### THE OTHER SIDE OF THE PHILANTHROPY EQUATION



**It's time to start a broader conversation about how Government can support the capacity of Not for Profits to engage with philanthropy writes Krystian Seibert, Policy and Research Manager with Philanthropy Australia.**

In policy debates about growing philanthropy in Australia, we often focus on the 'supply-side' – how new taxation arrangements or improved regulatory frameworks could encourage more giving. This is understandable because although we have a pretty good 'supply side' framework in Australia, there's always room for improvement.

Philanthropy Australia outlined a number of these improvements in our 'Early Wins to Grow Philanthropy and Its Impact' submission to the Prime Minister's Community Business Partnership. The Australian Government has already agreed to implement two of these Early Wins, which is great news.

But growing philanthropy can't just be about increasing the amount of giving. Amongst others things, it also needs to be about ensuring Not for Profits can access this giving. That's what I call the 'demand-side' of philanthropy.

Part of this is about taxation arrangements or regulatory frameworks – for example which Not for Profits can obtain Deductible Gift Recipient (DGR) status, which was the topic of one of my previous articles.

But it's also about capacity building.

Philanthropy in Australia still has a mysterious aura around it. Many Not for Profits know it's there, but many also don't know how to access all or part of its many different

streams. It's like an aquifer running under your land – it's great to know it's there but unless you can dig a well then the flowing water isn't much use to you.

An innovative, vibrant, sustainable and independent not-for-profit sector can only benefit from philanthropy if they know how to tap into it – more importantly, this is also the only way for our community to benefit from philanthropy.

That's why building the capacity of Not for Profits to engage with philanthropy needs to be a priority.

Many organisations are geared towards building this capacity. As philanthropy's peak body, Philanthropy Australia has a focus on capacity building – for example in late May and early June we're holding a series of workshops focusing on how Not for Profit boards can more effectively engage with philanthropy.

But there's a question as to whether there's a role for Government to support such capacity building. I think there is.

Capacity building is an investment. It requires time, resources and money to develop and implement strategies for accessing philanthropy. This is an investment many Not for Profits, and small ones in particular, are unable to make. This may be because of a lack of knowledge and skills, or a lack of funds especially when starting out.

This 'under-supply' of capacity building investment will inhibit their ability to engage with philanthropy. This will in turn inhibit their ability to grow and innovate.

It's a bit of a vicious circle – you need investment to grow and innovate, but without the funds that come from growth and innovation, it's hard to make the investment!

Governments of all political persuasions talk about the benefits of a vibrant and sustainable Not for Profit sector, and for good reason.

But Government also has limited funding which it can direct towards Not for Profits, and in any event neither Government nor the Not for Profit sector wants a situation where organisations are too dependent on any one source of funding, including government funding.

The 'under-supply' of capacity building investment within the Not for Profit sector provides an argument for some form of government support for capacity building, to enable Not for Profits to engage more effectively with philanthropy. In terms of what kind of support they can provide, looking at what government is already doing is a good place to start.

In 2003, the Howard Government established 'Artsupport', an organisation set up with the sole purpose of growing cultural philanthropy. The Artsupport model involved working to strengthen the capacity of individual artists and cultural organisations to secure philanthropic income.

During its 10 years it facilitated around \$80 million in new philanthropic income for the cultural sector.

In 2013, it was merged with the Australia Business Arts Foundation to form Creative Partnerships Australia. Funded by the Australian Government, it continues to invest in the professional and business development of cultural sector organisations to maximise their partnership potential and long-term growth, and by working with business and philanthropists to facilitate partnerships and investment.

## Mergers and Acquisitions

# NFPS IN PERFECT STORM



**A Not for Profit environment of more competition from for-profits for work, a tight funding environment and higher demand for services, has created the perfect storm for some organisations to consider a merger, writes Save the Children CEO Paul Ronalds.**

Last week Save the Children Australia and Good Beginnings Australia, two organisations focused on improving the lives of some of Australia's most vulnerable children, announced a merger.

Both Save the Children and Good Beginnings have recognised there are insufficient resources to achieve a good beginning for every child, without doing things differently.

Mergers are part of a growing trend among Not for Profits.

Whitelion, a Not for Profit providing services to vulnerable young people, has completed mergers with two smaller organisations over the past few years.

Two major disability service organisations, VATMI Industries and the Endeavour Foundation, merged to better respond to the introduction of the National Disability Insurance Scheme. In Western Australia, UnitingCare West was created by combining eight Uniting Church agencies and parish missions.

And it's not just in Australia. Save the Children's international members last year merged with Merlin, a frontline health provider in humanitarian crises adding around 3,000 highly-trained medical staff to Save the Children.

And Plan, a child focused development organisation recently entered into a strategic relationship with International Medical Corps, an agency providing health care services to people impacted by war, natural disaster and disease.

What's driving this flurry of M&A activity, more usually associated with Gordon Gekko or Wall Street? Are charities becoming obsessed with size at the expense of their cause?

It's the contradiction at the heart of Australia's Not for Profit sector.

Demand for services remains extraordinarily high. Globally, there are more people displaced or seeking refuge than at any time since the end of World War II.

Domestically, more than one million Australians live in poverty despite more than two decades of uninterrupted economic growth. On top of this, Governments continue the trend towards outsourcing of social services.

As a result, the sector has never been larger, employed more people or had responsibility for delivering more services.

But this growth has been accompanied by increasing, and sometimes conflicting, pressures. These include pressures to professionalise, become more commercial, respond to rapid technological change, become more accountable and improve financial sustainability.

While once upon a time good intentions were good enough, stakeholders rightly demand Not for Profit be able to clearly demonstrate their impact and value for money.

Organisations like Good Beginnings and Save the Children are challenging themselves to put organisational ego aside and develop structures focused exclusively on whether they are achieving the best outcomes for children.

On the other hand, few donors are willing to fund organisational capacity building. Most donors see this as merely an 'administration cost' that reduces the funds available to be spent on the Not for Profit's objectives. This has led to systemic underinvestment in organisational capability, precisely at the point of the greatest strategic change.

At the same time, State and Federal Government Budgets are under pressure from an ageing population while the mining boom is tailing off and global economic growth is weak.

Governments are also changing their funding approach – from one based on block grants to consumer-directed funding, the most high profile example being the National Disability Insurance Scheme. This, too, requires new skills and expensive new IT systems.

Increasingly, Not for Profits face more

competition from for-profits for this to work.

For-profits now dominate the aged care sector and the NDIS trials have generated hundreds of new for-profit enterprises, seeking to compete for consumer directed disability funding. It's the perfect storm.

Which is why it makes so much sense for organisations like Save the Children and Good Beginnings to be merging.

Combined, we will have an even better platform to address the fact that around 60,000 Australian children are beginning school not ready to learn.

The merger will generate opportunities for growth and efficiencies that can be invested into improved technical capability and innovation in programs and services for children and families.

More broadly, we hope it will encourage other Not for Profits to critically analyse their long-term capability to adapt to the rapid changes confronting the sector.

As Charles Darwin's theory of evolution demonstrates, it's not the strongest of the species that survives, nor the most intelligent, it is the one that is the most adaptable to change.

Unless Not for Profits face up to this evolutionary challenge, they will quickly become a species at risk. And so will the vibrant civil society that they seek to serve.

**About the author:** Paul Ronalds is Save the Children Australia's Chief Executive Officer. Prior to joining the organisation in July 2013, Ronalds was First Assistant Secretary responsible for the Office of Work and Family in the Department of Prime Minister and Cabinet providing advice to the Prime Minister on a broad range of social and economic policies designed to assist families and communities. In the NGO sector, he worked for World Vision Australia as Deputy Chief Executive Officer and Director of Strategy. He was also Chief Operating Officer of Urban Seed, an NGO providing a range of services to marginalised people in Melbourne's inner city. He was also a corporate lawyer with international law firm Herbert Smith Freehills and co-founder of wishlist.com.au, one of Australia's most successful e-commerce companies.

# PARTNERSHIP LESSONS FROM THE SPORTING ARENA



**Lessons learned from the sporting world are ensuring newly appointed Head of corporate partnerships at the McGrath Foundation, Ben Hirschfield keeps the Foundation's partnerships sustainable and he offers his top tips for other charities wanting to be competitive.**

In 2015, the McGrath Foundation is celebrating its tenth anniversary. The organisation raises money to place McGrath Breast Care Nurses in communities across Australia and increase breast awareness in Australians, with a particular emphasis on young women.

Commercial and sponsorship specialist Ben Hirschfield has been appointed to the newly created role of Head of Corporate Partnerships as the organisation looks to diversify its fundraising streams and reach its anniversary goal of increasing the number of McGrath Breast Care Nurses to 110.

Hirschfield is a veteran of the sporting world. He spent nine years at Football Federation Australia where he was responsible for commercial partnerships across the business, including sponsors, broadcasters and state governments.

He then established the Australian arm of global sponsorship network to provide consultancy services to brands on marketing and sponsorship strategy - with a focus on building criteria against which all partnership decisions could be cross-referenced.

Enthusiastic about moving into the charity sector, Hirschfield spoke to Pro Bono Australia News about the lessons he has learned working in the sporting world and how he plans to ensure the Foundation's partnerships remain sustainable.

"There's a lot to consider," he admits. "There's a full spectrum of partnership options within the charity sector based on the potential audience

that's receiving the benefit from the charity, the brand - there's a vast range of scale in brand awareness.

"I find it very exciting, there's a lot of very talented and motivated people working in the sector and there's a lot of Not for Profits that can tell a really strong, compelling story about how they came to be and what their mission is.

"It's a very competitive space and very challenging...I think that's a relatively unique demand in this particular sector."

Hirschfield provides three top tips for charities wanting to be competitive in the partnerships game:

## 1. Understand what your teammates are playing for.

Understanding the motives and hopes of prospective corporate partners can be pivotal, Hirschfield has learned.

He says corporates have been most receptive where partnerships satisfy more than just a need to outwardly demonstrate a social conscience. He warns Not for Profits to avoid simply pitching with their social outcomes.

"I think it's traditionally that a Not for Profit is able to tell a really good story...and then hope that resonates with the corporate or whoever they're presenting to," he says.

"However, understanding the corporate's issues as related to business, brand, people and being able to tailor those solutions I think will gain better traction, and will ultimately lead to sustainable partnerships."

Hirschfield breaks these needs down into three pillars:

- **Brand** - including sales, penetration and reaching new audiences
- **Social Goodwill**
- **People** - engaging staff, engaging clients and engaging other partners.

"We need to be looking at it as us solving their problems as well as them solving our problems."

## 2. Always play on the same team - but play by the rules.

A partnership mentality with supporting Key Performance Indicators (KPIs) is essential for traction to be achieved, Hirschfield says.

"Bringing a strong partnership mentality and being accountable for delivering on those KPIs is something that I think can be brought across from a sporting environment," he says.

"In the sporting environment, particularly to get to the mass-consumer end of the scale, [it's about] bringing specific KPIs to a partnership and having objectives and values backed up with research and then evaluating those partnerships and being accountable for the KPIs - rather than letting the corporate partners run with the rights that have been granted.

"How I'd approach partnerships is structuring a partnership that's delivering value on both sides of the equation.

"That may be fundraising, that may be media, it may be product, it may be building awareness within a specific demographic. If you can have multidimensional layers to a partnership, and have objectives against each one, I think that can provide long-term sustainability."

"I think from a reputational point of view, ensure that you're partnered with a regulated business, [are] aware of risk and have a risk index in place that can be monitored."

## 3. Aim for the same goals - and you'll score more.

The importance of aligned values between partners and reflecting those values through shared activities cannot be estimated, Hirschfield says.

"[It's about] aligning with brands with similar values and audience...and spending some decent time on constructing the right approach, the right target list, based on that alignment," Hirschfield says.

# ACCOUNTANT FINDS NEW PURPOSE



## AT VOLUNTEERING VICTORIA

### Richard Blakeman uses his extensive corporate experience to give purpose and structure to vital Not for Profits.

Richard Blakeman FCPA sees volunteering as a glue for social cohesion, and good management as a way to make that glue stronger.

The significance of volunteering and not-for-profits fully dawned on Blakeman after he finished his corporate career in 2008.

"I didn't appreciate how big the sector was in Australia," he says. "I got more exposed to that after I retired. I had no [idea] of the professionalism involved with supporting volunteers."

Blakeman entered the volunteering world during a two-year stint as chair of the Third Age Network (TAN) committee, run by the Victorian division of CPA Australia. The state's peak volunteer body, Volunteering Victoria, lured him onto its board and put him at the head of its finance committee.

Twelve months into the role, he is reshaping Volunteering Victoria's internal processes to more strongly support the group's volunteer advocacy staff and managers.

Blakeman notes that volunteer organisations can underestimate the management work that's needed to make volunteers as productive as they can be. Governments and businesses will more willingly invest in programs when they see their money being used efficiently rather than squandered. That in turn helps to build recognition for the cause.

At the same time, the right support infrastructure can ensure volunteer work is both resilient and rewarding.

All this means not-for-profits may need to actually devote more resources to developing sustainable management.

"If people just turn up and there is no structure, they can actually be a drain on resources," Blakeman explains.

He saw the value of good support structures when he was finance director of Kodak's Worldwide Retail Services arm, based in New York. He also headed the company's Health Group for Australia-New Zealand and ran business operations in Asia.

When he returned to Australia he was keen to rebuild his local networks. Ironically, he found closer involvement with CPA Australia after leaving the profession. Through the TAN committee, Blakeman spearheaded the Mentor the Treasurer program, which now has 150 CPA Australia members registered to assist treasurers of small not-for-profit organisations.

He also helped establish the elder financial abuse taskforce. Blakeman is a passionate advocate for volunteering. He believes giving time to causes is powerful and mutually beneficial for communities and the individual, at any stage of life.

Richard Blakeman with the Country Fire Authority's Angela Reach, a fellow Volunteer Victoria board member

Richard Blakeman with the Country Fire Authority's Angela Reach, a fellow Volunteer Victoria board member

"It brings opportunities for your own personal development and adds credit to the profession," he says. "Through it you develop new skills, new networks, and you find new interests, so that can be enormously satisfying."

Like Volunteering Victoria, Blakeman has big ambitions for the volunteering movement. He wants not only to grow the movement, but to make it more important to the economy – and to help bind people together. "All the things volunteers do make for a better society," he says.

### Time is money

Volunteers' time is as precious as money, and the dollar value of volunteering in Victoria alone could grow to more than A\$30.3 billion a year by 2021, says the 2012 The Economic Value of Volunteering in Victoria report.

Australian Bureau of Statistics figures show that sport and physical recreation draw the most volunteers, followed by community and welfare, religion, parenting, children and youth groups.

"It is crucial that we as a community acknowledge that volunteer time is a real donation that is as valuable as money," the report states. "This is especially important when time is the only resource many individuals have to offer. By exploring ways of putting a value on volunteer work we help to make this sort of work more visible."

The primary aim of Volunteering Victoria, says Blakeman, is to champion robust, sustainable structures around volunteer activities, so people's hard work has a meaningful effect.



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