



ABN 28 000 030 179

Philip O'Donoghue
Deputy Director
ACOSS
Locked Bag 4777
Strawberry Hills NSW 2012

25 November 2005

Dear Philip,

RE: Giving Australia Consultation Paper: Issues & Options for Strengthening Giving

Thank you for your invitation to comment on the above consultation paper (hereafter referred to as 'the Paper').

Our submission addresses three of the terms of reference from the Paper. In relation to *sustaining and building community trust in non-profit organisations*, we highlight milestones in building trust that have been part of The Smith Family's differentiation and brand strength in an increasingly competitive environment. We also comment briefly on how we are working to promote a culture of giving and stretching the dollar by acting on evidence that points to a 'multiplier effect' from expenditure targeted at the sorts of early interventions which are undertaken by The Smith Family. As part of our comments on the second term of reference, *strengthening volunteering and affiliations with non-profit organisations*, we have focused on how we are changing patterns of volunteer recruitment and engagement, especially from the corporate sector with whom we work to achieve strategic alignment through volunteer engagement. We also note how we have begun to streamline systems and processes around volunteering, taking into account best practice models in Australia, the US and UK. *Supporting non-profit organisations to engage in partnerships with business* is the final term of reference that we address. The Smith Family has evolved a range of partnership models with the corporate sector and knows that successful partnerships based on a cultural and business fit can deliver real benefit to businesses, their staff, and the communities where they are located.

The submission begins with a brief description of our current organisational position in relation to attracting investment in our agenda for societal change.

The Smith Family

The Smith Family (TSF) is a national, independent, social enterprise that supports disadvantaged children and their families to create a better future through education. Our vision is of a more caring, cohesive Australian community, and attracting a reliable and sufficient funding base through the

active engagement of Australians' time, talent and dollars is critical to achieving our mission. We therefore welcome the efforts of the Giving Australia project in discussing key issues around philanthropy and identifying options for action that may strengthen giving in its many forms.

The Smith Family was established through an act of philanthropy by five businessmen who in 1922 made a donation of toys to an orphanage in Sydney's northwest. The principles underpinning this act continue within the organisation today, as we prepare to enter the final part of a seven year transformational cycle designed to help us meet the challenges of a 21st century sector characterized by scarce resources and a lack of access to growth and / or restructuring capital. In line with our eight Guiding Principles,¹ we have sought to diversify our sources of funding to facilitate the sustainable attraction of time (e.g. volunteering), talent (donation of professional services and skills sets) and dollars (either cash or in-kind donations). Our two main streams of income – our donor base and our Learning for Life sponsors – together represent over 60% of our total revenue, and while TSF remains politically independent, government funding to support our societal change agenda is becoming increasingly important through our facilitation of seven Communities for Children (C4C) sites.²

Accordingly, understanding the demographic differences and behaviours of our supporter base is extremely important to TSF, and this submission, as mentioned previously, outlines some of the key facets of our engagement approach in relation three of the terms of reference presented in the Paper. Many of these bear witness to the suggestions already raised in the Paper, and substantiate the critical importance of protecting and building upon an organisation's most valuable asset – its reputation – in securing sustainable community support.

1. Sustaining and building community trust in non-profit organisations

At The Smith Family we recognise that every layer of our public profile and presence says something about who we are and what we stand for. In an increasingly competitive environment, embedding the attributes of our strong brand in the public's psyche has never been so important and this means all of our actions are necessarily consistent with our mission and sensitive to public opinion. Trust lies at the heart of every relationship we have with our many stakeholders, who are all interested, among other things, in our ability to translate their support in an effective manner and contribute to positive societal change. Hence, all of our staff know that a customer focus is essential to initiate and sustain positive relations with our stakeholders and clients. For example, we know that:

- Our **donors and sponsors** expect that their funding is channeled in a cost-effective manner into programs they have identified and that the specified outcomes are achieved – they hold us accountable for their investment and they need reinforcement that they have made the right choice in supporting the work of TSF.
- Our **corporate or business partners**, who not only can but are willing to work with their executives, are interested in the quality and integrity of TSF's management, our system of

¹ The Smith Family's eight Guiding Principles were drawn up in 1999 to shape the evolution of the organisation into the 21st century. They are that we will (1) Be about societal change; (2) refocus on disadvantaged children within the family context; (3) work with and through other organisations; (4) be evidence-based and community focused; (5) move steadily along the change continuum to the prevention and early intervention end; (6) diversify our sources of funding; (7) be national in presence as well as spirit; and (8) enhance our internal capacity particularly using technology.

² The Smith Family is a Facilitating Partner in the Australian Government's Communities for Children initiative, which aims to address the health and early development needs of young children aged 0-5 years. The Smith Family manages Communities for Children initiatives in seven locations in New South Wales, Western Australia, the Northern Territory and Victoria providing extra support for more than 12,350 babies and toddlers. The most recent additions are the Townsville West and Katherine Region communities.

governance (a national board – an independent company), the social return on their investment, particularly in light of our commercial enterprise, and our ability to involve their staff.

- **Governments** are interested in transparency and accountability as well as our capacity to deliver to their agenda on time and in accordance with our contractual obligations. Governments want to associate with organisations that the public at large supports and who are pathfinders.
- Our **community partners** want to ensure that we share the same values, have mutual gains from the synergies created through working together and that we enhance rather than detract from their standing within the community.
- Our **research partners** want professional collaborations and monitored access, with privacy safeguards in place, to unique data sets and new sources of funding which they otherwise are unable to tap.
- Our **families and children receiving TSF support** are interested in building trusting relationships with our professional staff who can respect their privacy and act with integrity at all times.
- The **media** is looking for a trusted source of information who understand their time constraints and can cut through to the heart of the matter.
- Our **internal stakeholders – staff and volunteers, especially the women of VIEW**³ – want a framework which provides them with clarity around messaging and branding, and confidence that they are doing the right thing and their contribution is valued.

High standards of individual and organisational professionalism have been key factors in maintaining these diverse relationships, as well as in attracting future supporters. We have also devoted considerable effort to developing our internal technological capacity, recently developing the Supporter Tracking and Reporting System (STARS) which in 2006 will greatly enhance our interaction with all of the individuals and companies assisting us in achieving our goals.⁴ It will also provide another communicative platform through which to monitor and promote our range of engagement opportunities, illustrating how supporters can share in our success and achievements and gain satisfaction from knowing their contributions have been effective. The intention here is to turn potential supporters into some of our most enthusiastic ambassadors over the long-term.

Milestones in building trust

In the 21st century TSF's brand has come to stand for pioneering new approaches either in our own right or in partnership with other organizations. Maintaining this flexibility and responsiveness to change does not often sit easily with the cultivation of long-term trust among supporters, and yet several key achievements / developments may be highlighted which have ensured that stakeholders

³ VIEW (Voice, Interests and Education of Women) clubs are a valued part of The Smith Family, and on average contribute around \$1.4m to our programs through their fundraising activities. Moreover, VIEW women have always played a strong role in their local communities and as such are exceptionally well placed to help profile and position TSF through local networks. For more information, see The Smith Family web site, www.smithfamily.com.au

⁴ More specifically, the STARS platform will provide a centralised information channel of donor/sponsor engagement history so that TSF staff are in a better position to communicate with them on a one-to-one basis. This will include providing more timely feedback on, for example, how their sponsored student is progressing. For more information, see The Smith Family web site, www.smithfamily.com.au

at all levels in Australia continue to feel comfortable contributing their time, talent or dollars to our work:

- Our organisational transformation and repositioning has been transparent and critically approved within the sector;
- Our corporate governance model is cutting edge;
- Our ability to adapt has allowed us to readily and successfully form community corporate partnerships;
- Our research capability has provided a timely evidence base in an era which increasingly requires data to underpin our program directions and outcomes to be broadcast to our supporters before further investment is sought;
- We offer a microcosm of the iterative model of research—practice—policy which, according to the Australian Research Alliance for Children & Youth (of which we are a member), is being highly acclaimed internationally;
- Our influence in gaining acceptance of place management as a model of community regeneration is on record.

Most importantly of all, The Smith Family has maintained a strong and trusted presence through our network of Education Support Workers, Homework Clubs and VIEW clubs (which currently include over 25,000 members) in over 60 communities throughout Australia. This grassroots presence has then been further strengthened by TSF's facilitating role in the establishment of *Communities for Children* sites, Microsoft's Unlimited Potential Community Technology Learning Centres and the *Let's Read* program in partnership with *Good Beginnings* Australia(GB). Together, these milestones are bringing us ever closer to our goal to be national in presence as well as spirit, without compromising our valued community focus.

Promoting a culture of giving and stretching the dollar

The Smith Family works actively to encourage a culture of giving among children and young people through schools. Our *Kids Helping Kids* program is an expression of this approach, comprising a free teacher's resource to increase awareness of social disadvantage in Australia among students in the later stages of their primary schooling.⁵ The aims of *Kids Helping Kids* are to develop:

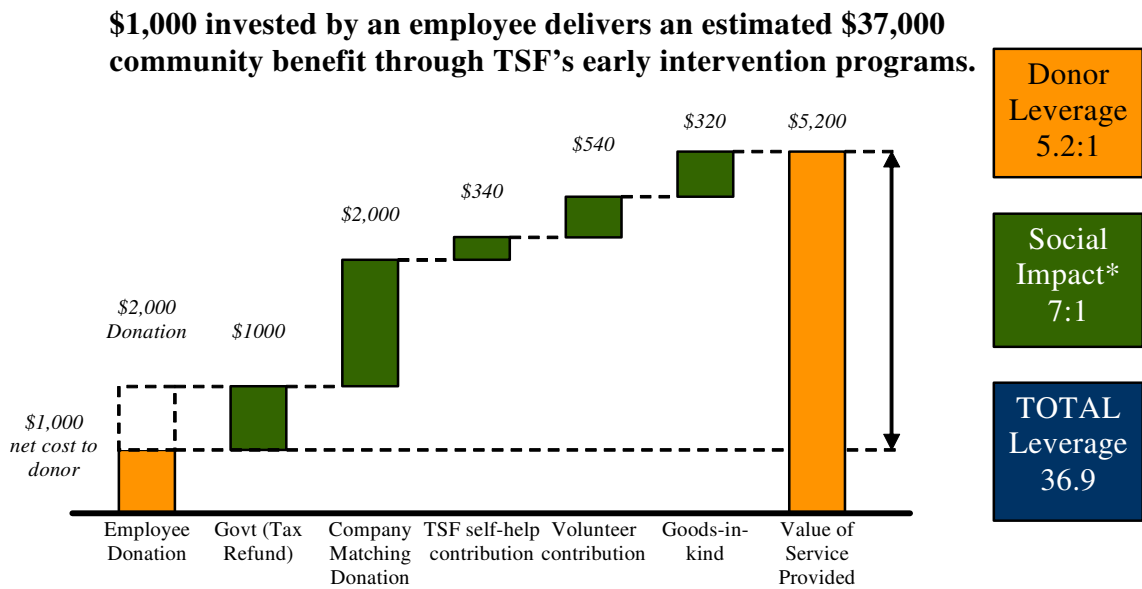
- Student awareness and understanding of poverty in Australia – the causes of poverty and how poverty impacts on kids and their families;
- Understanding of the difference between needs and wants;
- Community-minded values and behaviours in students and an appreciation of how working together can enrich people's lives;
- Active participation of students, their classes, schools and local communities in working together to create a society that is more equitable and cohesive.

A public education campaign of the kind suggested in the Paper, reflecting the importance of all forms of giving, would be extremely beneficial in this respect, and help to ensure that a culture of giving is inspired across all levels and sectors of Australian society. Greater awareness of the tax deductions available for donations, combined with a more generous margin of allowance, should also contribute to increasing the vitality and societal impact of the non-profit sector as a whole. The public is usually not as aware of how donations and bequests are utilised either because of a lack of

⁵ To register for a *Kids Helping Kids* pack, see The Smith Family web site, www.smithfamily.com.au

opportunity / interest on their behalf or inadequate transparency / communication within the non-profit sector.

For example, it is possible to model a donor leverage effect arising from non-profit organisations being able to ‘stretch’ the value of the funds they receive. Evidence points to a ‘multiplier effect’ resulting from expenditure targeted at the sorts of early interventions which are undertaken by The Smith Family in maximising the value of every donated dollar. The graph on the following page explains these effects in simple terms as they relate to The Smith Family’s Workplace Giving ⁶ program when it is supported by matching employer donations.



In broad terms, the value of a net contribution by a donor of \$1,000 can be increased by \$4,200 by taxation concessions, employer contributions and value added by The Smith Family through our access to volunteer support and goods-in-kind. Measures of the social impact multiplier of that \$4,200 being appropriately targeted at early years interventions range from 7.1 (\$1,000 spent on early intervention saves \$7,100 in future services and treatment costs⁷) to 17.15.⁸ The lifetime value to society as a whole of that additional \$4,200 investment therefore ranges from approximately \$37,000 to \$89,000. This kind of information needs to be shared more broadly with the public, with whom it is very likely to motivate increased giving (at least in terms of monetary donations).

The financial value of Workplace Giving is also accompanied by the benefits of this initiative in contributing to what The Smith Family refers to as the ‘virtuous circle’. Participation in pre-tax Workplace Giving opportunities encourages supportive employers to match employee contributions, and to commit to corporate social responsibility (CSR) in other ways. Similarly, employee Volunteering Programs give staff the chance to learn more about their community needs and bring this new consciousness and awareness back into the corporation with them (see section 2 below). The culture of CSR and community partnerships then becomes more widely propagated internally, impacting the employer’s view of how their company situates itself within the community. This then

⁶ In the TSF Workplace Giving program, employees are encouraged to make a pre-tax financial contribution from each pay packet to The Smith Family, with in some cases the employer matching that contribution. This is a simple, low cost and highly visible way of showing to a company’s staff its support for their local community.

⁷ Karoly, L. et al.(1998) *Investing in our children: what we know and don’t know about the costs and benefits of early childhood interventions*. Study by The Rand Corporation.

⁸ Perry Preschool study cited in Friedman, D. (2004) *The New Economics of Preschool*. The Early Childhood Funders Collaborative.

contributes to the creation of a supportive environment for the broader and fuller adoption of CSR within the company's operations, leading to greater community involvement and thus completing the virtuous circle between businesses, their staff and their communities.

2. Strengthening volunteering and affiliations with non-profit organisations

The environment within which public serving non-profits operate has experienced rapid change over the last decade. A key factor driving this change has been the reconfiguration of the welfare and community sector. The role of government in welfare and social policy, for instance, has been one of gradually pulling back from the direct delivery of services and relying more on non-profit organisations, and in particular, volunteers, to undertake this role. Many non-profits are therefore re-examining their approach to volunteers, not so much as a result of buying into the increasingly popular social capital agenda, but because of an increased reliance on them to undertake their work.⁹

This reliance has led to changing patterns of volunteer recruitment and engagement, as the Paper points out. The Smith Family and other social enterprise organisations are increasingly drawing on volunteers from the corporate sector, as traditional forms of armchair philanthropy give way to corporations being more strategically involved in the funding, design and implementation of community-based programs. This does not mean that the more 'traditional', 'community-based' type of volunteer is no longer relevant – both models have been found to provide significant shares of the \$5.5m value of time contributed by the 7,000+ volunteers currently engaged with The Smith Family.¹⁰ The challenge is rather to manage this workforce professionally, to ensure that volunteers are treated equitably and given the opportunities to fulfil their own goals in tandem with those of the organisations in which they are working.

The professionalism of volunteer management at TSF has increased over the last few years as part of our overall change process towards becoming a social enterprise. To maintain relevance and efficiency in line with the reconfiguration of volunteering discussed above, TSF has adopted a strategy of streamlining systems and processes around volunteering, taking into account best practice models in Australia, the US and UK. Key considerations in developing our volunteering model further have been: the need to meet the needs of both The Smith Family stakeholders and volunteers; versatility and flexibility to ensure sustainability; minimum maintenance/ resourcing internally to facilitate administration; technological capabilities while still maintaining a 'personal touch'; and transparent reporting processes. It is anticipated this will be implemented in 2006.

In the interests of ensuring the practice of volunteering becomes more sustainable, we have also undertaken a number of initiatives to utilise volunteers' skills in more diverse and productive ways. For example, the women of VIEW have for decades voluntarily provided a strong foundation for the commercial sector of The Smith Family's operations, donating their time and second-hand clothing through programs such as our Emergency Help initiative. Now, with our societal change agenda more closely focused around children and education, these same women are becoming involved as tutors in Homework Clubs, as *Learning for Life* sponsors, as coordinators of our *student-2-student* program, and as English language tutors for new migrants and refugees through our Each-One-Teach-One and Home Tutor Schemes.¹¹

⁹ The Smith Family (2001) *The 'new face' of volunteering in social enterprises: The Smith Family experience*. Research and Advocacy Team Background Paper No.2, The Smith Family: Sydney.

¹⁰ Ibid.

¹¹ For more details on any of these programs, see The Smith Family web site, www.smithfamily.com.au

3. Supporting non-profit organisations to engage in partnerships with business

The Smith Family is a progressive Australian social enterprise, intent on forging strong and mutually beneficial relationships and ultimately partnerships with Australian businesses. Many companies now recognise that they have obligations not only to their shareholders, but also to the communities in which they operate. The Smith Family supports businesses by sharing ways to use social responsibility as a competitive advantage so that real results may be achieved of benefit to the businesses, their staff and most importantly, the local communities with whom we work. Together we tailor programs that will build stronger links with businesses' customers and suppliers while working towards our aim of unlocking opportunities for those disadvantaged Australian children and their families to create a better future through education.

In 2001, The Smith Family was awarded the Prime Minister's Award for Excellence in Community Business Partnerships for its work with Cisco Systems Australia in opening up opportunities for disadvantaged Australians to learn and realise their potential through technology. In 2002, The Smith Family was one of the three founding partners of Social Ventures Australia, an initiative which facilitates social entrepreneurs to work with venture capitalists on devising solutions to contemporary social problems which have previously proved intractable.¹² Since then, The Smith Family has also led the way in learning to stretch the Australian dollar further through our leveraged approach to Workplace Giving, strategically applying growth capital from our corporate partners to enhance the scalability of our flagship Learning for Life suite of programs and social impact. Through these actions, The Smith Family is able to unlock opportunities for disadvantaged families to participate more fully in society, and promote the value and potential of community-business partnerships to Australia as a whole.

At The Smith Family we believe that the achievement of real benefit to businesses, staff and the community requires a partnership based on a relationship among equals and grounded in sound business principles. Our considerable experience in building relationships with our various supporters has allowed us to evolve a range of partnership models with dimensions reflecting: a shared development of direction; flexible and long-term commitment; complementary values and synergies; and an emphasis on societal outcomes involving a panoply of cash, goods in-kind, staff expertise, networks and more. We know that successful partnerships are based on a cultural and business fit, with clear direction and the capacity to develop a matrix of relationships with active management of results. In other words, we know that one size does not fit all.

For example, The Smith Family's partnership with Colgate Palmolive started in 1995 and is based on supporting local communities, while developing regional Australia has been the foundation of the partnership with Westpac/Challenge Bank. Harnessing both knowledge and financial capital underpins our work with Mallesons Stephen Jaques, while opening up opportunities for disadvantaged Australians to learn and realise their potential through technology has been the focus of our partnership with Cisco Systems Australia, with whom we won the Prime Minister's Award for Excellence in Community Business Partnerships in 2001.

Partnerships can open up amazing possibilities for longer-term strategic corporate investment. For example, Perth is home to the national office of a most exciting endeavour – the Australian Research Alliance for Children and Youth (ARACY). Its aim is to promote the life-chances and the well-being of our children and young people and by so doing to add to the health and wealth of the nation. Currently, ARACY is an alliance of 200 to 300 groups (including The Smith Family) of researchers, policy-makers and practitioners. It is being assisted by business, trusts and foundations, governments and the WA Lotteries Commission, and represents one of the first real macro opportunities to evaluate what we currently know about human development and learning pathways and how to apply this knowledge to effect positive responses in particular circumstances

¹² Social Ventures Australia (SVA) was set up in 2002 by The Smith Family, The Benevolent Society and WorkVentures Australia with the AMP Foundation. For more information, see the SVA web site, www.socialventures.com.au

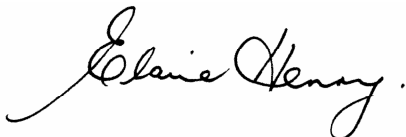
with particular people. With levels of investment comparable to the scope of the Alliance, it could have an unparalleled impact on our society, and opens up a further level of involvement for corporates in community business partnerships.

Another contemporary expression of good corporate citizenship in Australia is Social Ventures Australia (SVA). Founded by The Smith Family, The Benevolent Society and WorkVentures Australia in 2002 with the support of the AMP Foundation, this initiative facilitates social entrepreneurs to work with venture capitalists on devising solutions to contemporary social problems which have previously proved intractable. Since its inception, SVA has been inundated with support from companies such as McKinsey and from hundreds of business executives who are volunteering their time and expertise as mentors, assisting the social entrepreneurs to construct compelling business cases to attract support from the venture capitalists.

Corporate partnership is also at the heart of The Smith Family's flagship Learning for Life suite of programs, which contributes to the costs of education for disadvantaged children from primary school to tertiary level and provides educational and personal support to their families and carers. The program has grown considerably since its commencement in 1988 with just 60 students enrolled, and the strategic use of growth capital from our corporate partners has been extremely important in its to a national program currently reaching more than 22,500 students and their families.

In conclusion, The Smith Family welcomes the efforts of the *Giving Australia* initiative and the consultation paper in seeking to strengthen giving in Australia. The many changes we have implemented as part of our transformation over the last six and a half years have underscored the importance of adopting an evidence-based approach to the shifting practices and patterns of Australian giving in all its forms. This discussion has also highlighted the significant contribution non-profit organisations can make to fostering closer, stronger and more sustainable philanthropic relationships with stakeholders at all levels of community. I therefore present this submission to ACOSS in the spirit of working together with government, non-governmental organisations and all members of the community in the hope of together creating a more caring and cohesive Australian society.

Yours sincerely



Elaine Henry
Chief Executive Officer
The Smith Family