

31 January 2020

The Hon Josh Frydenberg MP
Treasurer
House of Representatives
Parliament House
CANBERRA ACT 2600

Re: Working in partnership with Shared Value Project and corporations to build urgent economic resilience

Dear Treasurer,

To consider economic growth and resilience, we must acknowledge that business prosperity – as the primary creator of wealth – is determinant on the socio-environmental conditions in which it operates.

In the words of shared value co-creators and Harvard Business School Professors, Michael Porter and Mark Kramer: “The competitiveness of a company and the health of communities around it are closely intertwined. A business needs a successful community, not only to create demand for its products but also to provide critical public assets and a supportive environment. A community needs successful business to provide jobs and wealth creation opportunities for its citizens.”

A path to increased resilience

On behalf of the Shared Value Project member network (see Appendix 1), I propose that greater and more sustainable economic prosperity can be achieved through the adoption of shared value – a corporate strategy designed to solve socio-environmental issues profitably.

Shared value enables companies to strengthen their long-term viability by proactively reducing the issues which intersect with their business (see Appendix 2). In a setting of strained public budgets, and rising pressure to address a growing list of challenges, it provides an additional pool of resources to amplify the desired outcomes of the 2019-2020 Budget.

The Shared Value Project (SVP) and its corporate community would like to partner with Government to support its leadership on this more sustainable direction for our economy. With access to key stakeholders across multiple industry sectors, SVP has the capacity and experience to convene the discussions required to take this forward.

A well-evidenced economic shift

As a global framework, shared value principles have been adopted by some of the world’s most prominent companies and business leaders.

In October 2019, the US Business Roundtable, a group of 181 business leaders, recognised the inherent link between socio-environmental progress and profitability by redefining [the purpose of a company](#) to deliver value for all stakeholders – from customers to employees, suppliers, communities and shareholders. In his [2020 letter to CEOs](#), Larry Fink, founder of global asset manager Blackrock, publicly committed to placing sustainability at the centre of its investment approach; calling out climate change (among other external factors) as posing significant risk to financial returns.

In Australia, shared value has proven applications and measurable economic outcomes (see Appendix 3), with 2019 seeing a significant uptake in its adoption. There is an opportunity to leverage the progress already made to address the Government’s socio-economic policy priorities.

Government: A critical partner

SVP urges Government to join us in mobilising business towards a more resilient way of operating, leveraging its influence to build federal confidence in shared value.

This requires the universal endorsement of shared value, a willingness to consider systemic innovation and co-ordinated cross-sector collaboration.

The Department of Foreign Affairs and Trade’s successful Business Partnerships Platform (BPP) provides a template for how shared value principles can be integrated into Government’s policy priorities, in association with SVP. The program recognises shared value as a critical tool to address the development challenges in our region.

Currently, SVP is working with Minister for the Environment, the Hon. Sussan Ley MP, to accelerate the shift towards a more productive 'circular' economy. SVP supported the Minister in assembling a Circular Economy Roundtable with waste management industry leaders in October 2019.

Competitive, open markets and a thriving ecosystem are critical for growth – and shared value is a key enabler of this. By recognising and responding to the inherent correlation between social, environmental and economic success, shared value can help to create a framework for long-term prosperity.

It can position Australia as a leader in economic sustainability; a nation committed to building a stronger economy and securing a better future for all Australians.

Yours faithfully,

Helen Steel

CEO, Shared Value Project

Contact:

Helen Steel
0439332602
hsteel@sharedvalue.org.au

Appendix 1

The Shared Value Project

Established in 2014, SVP is the peak body for advancing shared value in the Asia Pacific; as part of a growing global network.

A membership-based organisation, SVP aims to build the capacity of business to achieve a competitive advantage by solving the region's most prevalent issues profitably; ranging from inequality to sustainable employment, financial inclusion, climate action, community resilience and improved health and wellbeing.

SVP operates through a broad and influential cross-sectoral network that can support Australia's transition to a more resilient economy. National practitioners of shared value include NAB, IAG, AIA Australia, PwC Australia, Optus, BD and Enel Green Power.

Through education, events and evidentiary support, we are committed to supporting a more sustainable future for business. For more information, visit sharedvalue.org.au.

Appendix 2

About shared value

Originally an academic concept, the idea was co-created by Harvard Business School Professors Michael Porter and Mark R. Kramer and was introduced in 2011 in the Harvard Business Review article '[Creating Shared Value.](#)' The concept has since been adopted by global business.

To create shared value, a company transforms its business model into a self-resourcing value creation model; by innovating and creating sustainable business solutions to socio-environmental challenges that intersect with their business. Shared value policies and principles can be adopted by Government and not-for-profits too; both of which can serve as valuable partners in delivering reliable and meaningful change at scale.

There are three key ways that shared value is achieved, as outlined [here](#).

Appendix 3

DFAT's association with SVP to develop its [BPP program](#) provides a template example for how we can work effectively with Government to enhance policy outcomes.

Business examples of shared value creation in Australia and the wider Asia Pacific can be found [here](#). Further global case studies can be found through SVP's US affiliate, Shared Value Initiative [here](#).

The aforementioned work completed with the support of the Victorian Minister for Mental Health, the Hon. Martin Foley MP, can be found [here](#).