



The Hon Josh Frydenberg MP
Treasurer
PO Box 6022
House of Representatives
Parliament House
Canberra ACT 2600

14 January 2021

Dear Treasurer

We are delighted to present you with a ground-breaking submission for the Government led COVID-19 recovery and 2021 Federal Budget.

Over the next 5 years, our proposal will provide almost a quarter of a billion dollars (\$244m) of investment in communities and the not-for-profit sector without impacting the Federal Budget.

The outcomes outlined in our submission are built upon the capacity of capital works programs to re-energise the Australian economy during the post COVID-19 response. Specifically, our submission seeks to engage locally based tradespeople, companies and suppliers across cities, suburbs, rural and regional communities to have a profound and positive impact on the economy.

It is with this clear focus that our organisations have been able to provide you with a nationally significant submission that will primarily benefit the charitable alcohol and other drug, homelessness, and domestic violence sectors.

The Responsibility Foundation was established to address the lack of capital works and social enterprise seed funds available to meet the needs of not-for-profit services that address alcohol related harm. It has been in discussions with both the alcohol industry and not-for-profit and charity services sector to address this important need in the community.

In conjunction with the extensive experience and networks of the Community Council for Australia, we are now able to submit what we believe is a long-term opportunity for the retail alcohol sales industry, government, and the not-for-profit and charity sectors to work together, to improve the lives of countless Australians.

In essence, our submission involves the establishment of a new partnership to provide substantial funding, now and into the future, to address the overwhelming unmet capital works needs of the not-for-profit and charity sector¹.

¹ The results of a recent survey conducted by the Responsibility Foundation on the capital works needs of the not-for-profit and charity sector addressing alcohol related harm is described in Appendix 1 of the submission.

With your support, our proposal will stimulate the economy in the short and medium terms, increase productivity and generate employment in key areas of the economy.

As part of our commitment to a partnership approach to this submission we also appreciate that small and independent wineries have been severely impacted by both bushfires and Chinese Government imposed tariffs in 2020. Accordingly, we are open to discussing the potential for a proportion of the proceeds of any funding to be shared with this part of the alcohol industry for the next 2 years to assist in their recovery and re-orientation towards new markets.

We understand that there are now incredible pressures on the Federal Budget because of the pandemic, which is why we are proposing a program that will create significant benefits across a range of sectors and communities, as well as potentially assisting to ease future budgetary pressures.

We are hopeful that your Government and Department will grasp this opportunity to reorientate several traditionally opposing forces to unite to achieve a common goal.

Please do not hesitate to contact us should you require any further details or information in relation to this collaborative submission.

Yours sincerely



Rev Tim Costello
Chair
Community Council for Australia



Mr Gino Vumbaca
Chair
Responsibility Foundation



Mr David Crosbie
CEO
Community Council for Australia

cc **Prime Minister of Australia** – The Hon Scott Morrison MP
Deputy Prime Minister & Minister for Infrastructure and Transport and Regional Development
The Hon Michael McCormack MP
Minister for Finance - Senator the Hon Simon Birmingham
Minister for Health – The Hon Greg Hunt MP
Minister for Trade, Tourism, and Investment – The Hon. Dan Tehan MP
Minister for Families and Social Services – Senator the Hon Anne Ruston
Minister for Indigenous Australians - The Hon Ken Wyatt AM MP
Minister for Homelessness, Social and Community Housing - The Hon Michael Sukkar MP
Minister for Regional Health, Regional Communications and Local Government - The Hon Mark Coulton MP
Minister for Agriculture, Drought and Emergency Management – The Hon David Littleproud MP
Assistant Minister for Children and Families - The Hon Michelle Landry MP



CAPITAL WORKS INVESTMENT FUND FOR CHARITIES AND NOT-FOR-PROFITS

SUBMISSION TO THE 2021 FEDERAL BUDGET



Contents

Key Aspects of Our Submission	1
A Capital Works Investment Fund for Charities & Not-for-Profits	1
Eligibility Requirements.....	1
Funding Request.....	1
Key Features of the Funding Request.....	2
Investment Schedule	2
Utilisation of Funds by Responsibility Foundation	3
Grant process.....	3
Administration Costs	3
Benefits to Government	3
Benefits to the Community	4
Benefits to Services	4
Appendix 1	6
Responsibility Foundation Survey of Not-for-Profit & Charity Capital Works Needs	6
Appendix 2	8
Additional Considerations for Charities Part One:	8
Additional Considerations for Charities Part Two:	8
Appendix 3	9
Responsibility Foundation Information.....	9
Appendix 4	11
Community Council for Australia Information	11

Key Aspects of Our Submission

A Capital Works Investment Fund for Charities & Not-for-Profits

Eligibility Requirements

The capital works program will be made available to all not-for-profit and charity organisations registered with the Australian Charities & Not-for-profits Commission (ACNC); and who able to demonstrate a link to addressing alcohol and other drug (AOD) related harm in the community.

Funding Request

A ground-breaking method of supporting services via a two-year temporary 0.5% levy on all retail alcohol sales.

The 0.5% levy on retail alcohol sales has been determined to be at a level that can make a real and significant difference, yet it only equates to an additional 5 cents for every \$10 of retail alcohol sales.

Based on an annual retail sales estimate of over \$12 billion in Australia in 2021², this is a minimum of \$60 million that should be raised.

During the two-year temporary levy, it is proposed that discussions with the alcohol industry be undertaken to discuss the continuation of the levy on a voluntary basis at a reduced rate of 0.25%. The funds from this reduced levy can be provided directly to the Responsibility Foundation by industry and could be generated via different means, such as:

- Existing profits; or
- An increase of 0.25% being added to the price of the alcohol at point of purchase; or
- A combination of both a partial price increase and profit contribution to make up the voluntary contribution equivalent of a minimum 0.25% of sales revenue.

The Foundation seeks to minimise operational costs, so it can maximise the distribution of funds to services. Accordingly, it is the goal of the Foundation to limit its operational costs to a maximum of 7.5% of contributions on average over the first two years of its operation. This is a goal that is expected to be maintained or bettered after the establishment period of operation.

Potential Impact of Levy on Consumers

The potential impact on consumers, based on an increase of 0.5% being included on the price of the alcohol product at point of purchase, is equivalent to \$0.05 for every \$10 of sales, and provides the following revenue:

- \$0.05 from every \$10
- \$0.50 from every \$100
- \$5 from every \$1,000
- \$50 from every \$10,000

As can be seen, the impact on consumers is minimal on an individual basis, although collectively it will provide a significant level of funding for charity and not-for-profit services.

Potential Impact of Levy on Industry

The level of financial impact on the alcohol industry will be minimal and even during the proposed voluntary phase it will remain minimal; and dependent on whether the contribution is to be met fully or partially by consumers.

Although the potential financial impact may vary for individual alcohol industry retailers, there are key aspects to consider with this proposal:

² [Ibis World Report](#)

- The levy applies to retail alcohol sales only (which were not adversely affected by the pandemic) and not at venues where the pandemic has and continues to cause significant economic hardship.
- The differential in price (albeit small) in retail alcohol sales as opposed to in venue sales will support the industry stated view that *“... now is the time for government to examine the affordability of a drink to help lower the price of a night out and get people back into bars and restaurants and quickly create jobs.”*
- It is expected that the industry will also be able to gain a significant level of both tangible and intangible benefits from their voluntary contributions being utilised to assist the charity and not-for-profit services.

Key Features of the Funding Request

1. A two-year 0.5% levy on all retail alcohol sales that is utilised to fund a range of necessary capital works programs in the not-for-profit and charity sector, as well as seed fund potentially viable social enterprises.
2. An agreement with the alcohol industry to replace the two-year 0.5% levy with a voluntary 0.25% levy on all retail alcohol sales in future years. With the voluntary levy funding to be provided directly to the Responsibility Foundation to fund necessary capital works programs in the not-for-profit and charity sector, as well as seed fund potentially viable social enterprises.
3. In accepting this funding, the Responsibility Foundation will be mandated to allocate a minimum of \$59m in the first year and second year with a minimum annual allocation of over \$30m in future years for distribution to the not-for-profit and charity sector.
4. The Foundation seeks to minimise operational costs, so it can maximise the distribution of funds to services. Accordingly, the Foundation will limit its administrative and operational costs to a maximum of 7.5% of the contributions it receives, on average over the first two years of its operation. This is a goal that is expected to be maintained or bettered after the establishment period of operation.
5. The Responsibility Foundation will raise funds to increase allocations to the not-for-profit and charity sector. The additional funding will be made up of philanthropic, public campaigns, State, Territory and Local Government contributions.

Year	Levy Contribution	Resp. Foundation Contribution	Total
1 st Year *	\$63.75m	\$0m	\$63.75m
2 nd Year *	\$65.02m	\$0m	\$65.02m
3 rd Year **	\$33.16m	\$5.00m	\$38.16m
4 th Year **	\$33.83m	\$5.00m	\$38.83m
5 th Year **	\$34.50m	\$10.00m	\$44.50m
Total	\$230.26m	\$20.00m	\$250.26m

* via the introduction of a 0.5% levy on all retail alcohol sales – estimated to be \$12.75b in 2021/22 & increasing 2% p.a.

** voluntary continuation of a 0.25% levy on all retail alcohol sales

Investment Schedule

Year	Total Value of Grants to be Distributed to Not-for-Profit & Charity Sector
1 st Year	\$59m (minimum)
2 nd Year	\$60m (minimum)
3 rd Year	\$30m (minimum)
4 th Year	\$31m (minimum)
5 th Year	\$32m (minimum)
Total	\$212m (minimum)

Utilisation of Funds by Responsibility Foundation

The funding provided to not-for-profit and charity organisations can only be utilised for capital works projects that have been assessed to be appropriate; or for seeding capital of social enterprise proposals able to demonstrate a high likelihood of revenue and enhanced employment outcomes for clients of not-for-profit and charity organisations.

Grant process

The funds would be distributed via regular competitive grant rounds for front-line services in the not-for-profit and charity sector. The funding would be precluded from being used for research or educational purposes.

The grant process would be overseen by a Joint Committee of Responsibility Foundation, Community Council for Australia, Government & Alcohol Industry representatives.

Administration Costs

The Responsibility Foundation will administer all funding and will seek to minimise all administration and compliance costs. In addition, any funding because of interest returns on funds will be distributed to services.

Benefits to Government

The Responsibility Foundation will work in collaboration with Governments (Federal, State, Territory & Local) and the Not-for-Profit and Charity Sector to ensure the optimal use of available funding.

The current high level of government funding for front-line services in the not-for-profit and charity sector is often tied to a focus on service delivery and throughput of clients, which places enormous pressure on services to find funding for a range of capital improvements. In contrast, this Budget initiative will significantly increase the capital funding available for services addressing alcohol related harm and provide a base from which a new, world first dedicated and growing capital works funding stream can be established.



The opportunity for governments to utilise the distribution, compliance and evaluation infrastructure partnership approach of the Foundation also provides a unique opportunity for governments to minimise its own costs in these areas.

Key Points:

- A rapid recovery from Covid-19 through the creation of employment for industries providing essential infrastructure to front-line services.
- A collaborative partnership between Government, Industry & Charity.
- Availability of a new significant and sustainable funding stream for front-line services in the not-for-profit and charity sector.
- Reduced pressure to increase funding for services addressing alcohol related harm.
- Reduced administration costs

Benefits to the Community

Currently, a lack of capital funding is restricting the quality and availability of services to the community. However, with this Budget commitment and involvement in the Foundation, significant levels of new funding can be provided. This support will contribute greatly to improving the health and well-being of people, by assisting services that address the harmful consequences associated with alcohol misuse. It also aids and provides support to a range of people in need, including the families, friends and communities of those directly affected.

The Budget commitment will also provide a new funding stream for a capital works program that will engage a multitude of local tradespeople and suppliers, with significant flow-on effects to the communities in which they live and work.

Key Points:

- Increased health and well-being via better services being available in the community.
- Increased business activity.
- Greater support for local economies.

Benefits to Services

A lack of growth funding currently impacts many community-based services. The establishment of this Budget commitment will ease some of this hardship by providing a significant new stream of funding for front-line services in the not-for-profit and charity sector.

The majority of front-line services in the not-for-profit and charity sector rely heavily on

government funding for their ongoing operational budgets, however funding for capital works is often overlooked and leads to a downward spiral in infrastructure and detracts from human services. A new funding stream not only provides an opportunity for these community-based services and their clients to grow, but also provides funding to be available for capital improvements in services. Contrary to the funding environment currently faced by community-based services, this Budget commitment will provide an ongoing opportunity for funding.

A key feature of the Foundation processes will be its ability to provide funding in a flexible and transparent manner. This will include opportunities for innovative ideas for providing services to communities. The expertise and experience of the Foundation will provide a well-informed insight into the difficulties faced by front-line services in the not-for-profit and charity sector when meeting compliance requirements for government funding. While ensuring compliance, the Foundation will also be positioned to better understand and meet the needs of front-line services in the not-for-profit and charity sector by streamlining and simplifying the process.

Key Points:

- Availability of a new significant and transparent funding stream.
- Greater access for funding capital projects.
- Increased opportunities for funding of innovative services and programs.
- Streamlined compliance requirements.
- Greater level of contribution to services.



Appendix 1

Responsibility Foundation Survey of Not-for-Profit & Charity Capital Works Needs

A survey was conducted with a selected number of not-for-profit charities registered with the Australian Not for Profit and Charities Commission (ACNC). The sample included Indigenous Community Controlled Organisations, Drug and Alcohol Treatment and Support, Homelessness, Domestic Violence and Health Service Providers in NSW, Victoria, South Australia, Northern Territory and Tasmania.

Sample Characteristics

- The majority of service providers operated in multiple locations, with one service having over 20 service locations.
- Services operated in urban, regional, rural and remote locations for men, women and non-binary identified clients of all ages.
- All the services in the survey estimated they assisted over 500 clients each year and most had an annual budget turnover of over \$5million.
- The services received Federal & State/Territory Government funding, as well as some donations, client contributions and corporate sponsorships.

Key Findings

1. All services identified a need for capital works projects to be undertaken over the next 3 years, including repairs, renovations and building replacements. A typical comment was:

“We are now planning to rebuild and expand another residential facility in regional Australia. Currently, we have contracted a modular builder to design and construct to do this, and we are applying for planning. To date, we have received no capital funding for this, despite applying to Commonwealth, and will have to self fund and attract donations for this multi-million dollar project. Our main facility is in need of multi million dollar investment to bring it up to currently standards for accessibility and amenity. Other community service sites need repairs and renovations as they haven't been refurbished for 20+ years.”

2. Services estimated their capital works requirements over the next 3 years to range from \$50,000 to in excess of \$5million, with most estimating it to be between \$500,000 and \$5million.
3. No service identified the Federal Government as the primary source of their capital works funding, with donations being the clear primary source of funds for this purpose.
4. All services described the access to capital works funding as either difficult or very difficult.

5. All the services advised they have a motor vehicle fleet, with some having more than 20 motor vehicles in their fleet, many of which were at an age where replacement is an urgent issue.
6. Some capital works commentary regarding individual requirements and difficulties from services that participated in the survey included:

“The site is old and needs lots of repairs.”

“Demand for residential services far outstrips capacity, despite state government investment in additional beds. We are rebuilding a facility because it is a not fit for purpose building in disrepair, and we are also expanding its capacity. This project has taken us 3 years to now be shovel ready, and long waiting lists continue to provide evidence of the need. We expect some increased demand due to COVID with many organisations reducing beds numbers to manage social distancing, and some evidence of some people drinking in more

dependent ways during COVID. We also expect donations to be reduced due to COVID.”

“We need a new building for our Day Centre as it doesn’t meet compliance...”

“We need a purpose built facility as we currently operate from a small donated premises. Due to the very high number of clients the space is not suitable for staff or clients.”

“In the last 12 months we have received a significant increase in calls from women escaping family violence, and have increased staff numbers to cover calls. As a result of increased calls and staffing levels, the service levels have increased but unfortunately we don’t have the budget to make significant works.”

“... we have an increased demand and require an expansion to current accommodation as it currently not meeting compliance standards...”

Conclusion

Based on the results of this limited survey of capital works needs (of a small and selective sample across a range of services addressing alcohol related harm in the community) it is reasonable to estimate that the capital works and motor vehicle needs of the thousands of services operating in these sectors will easily surpass \$1 billion over the next 3 years.

Appendix 2

Additional Considerations for Charities Part One:

“John McLeod of JBWere advises different causes will be affected differently, but we can certainly expect the fall in giving to put a major strain on the funding models of many for-purpose organisations.

The estimated 20 per cent downturn is even more damaging because it reverses a trend of rising giving levels in recent years.

The report says charities may need to turn to governments to make up for the fundraising shortfall.”

Full Report:

[COVID-19 set to cause a major giving downturn](#)

Additional Considerations for Charities Part Two:

“Charities fear they will need to cut staff when JobKeeper ends in September, according to a new poll, which shows organisations want more flexibility and certainty from government to help them deal with COVID-19.

Nearly 60 per cent of organisations who responded received JobKeeper support. And as many as 15 per cent said they would need to retrench staff when JobKeeper comes to an end. If you extrapolate the data over the whole sector, that could mean tens of thousands of jobs are at risk.”

Full Report:

[‘Flexibility and certainty’ – what the charity sector needs from government](#)



Appendix 3

Responsibility Foundation Information

The Responsibility Foundation has been established as a new foundation to address the lack of capital works and social enterprise funds available for services addressing alcohol related harm.

The Foundation's vision is to create a society that is more humane and compassionate by offering key alcohol industry businesses a unique opportunity to build on their corporate social responsibility program by supporting a ground-breaking initiative. In short, the Foundation is putting in place a new and sustainable method of financially supporting the capital and social enterprise needs of not-for-profit services working to support and assist families and individuals adversely impacted as a consequence of alcohol related harm.

Responsibility Foundation Objectives are:

- *To develop an Australian organisation dedicated to collecting a sustained and significant level of capital works and social enterprise funding for a range of non-government and non-profit community based front-line services and programs committed to assisting people afflicted by the harms associated with alcohol misuse in Australia;*
- *To increase the level of responsibility from the alcohol industry and consumers in supporting non-government and non-profit community-based services in reducing alcohol related harms.*

Further information on the Responsibility Foundation is attached



Appendix 4

Community Council for Australia Information

The Community Council for Australia is an independent non-political member-based organisation dedicated to building flourishing communities by enhancing the extraordinary work undertaken by the charities and not-for-profit sector in Australia.

CCA seeks to change the way governments, communities and not-for-profits relate to one another. It does so by providing a national voice and facilitation for sector leaders to act on common and shared issues affecting the contribution, performance and viability of NFPs in Australia.

This includes:

- *promoting the values of the sector and the need for reform*
- *influencing and shaping relevant policy agendas*
- *improving the way people invest in the sector*
- *measuring and reporting success in a way that clearly articulates value*
- *building collaboration and sector efficiency*
- *informing, educating, and assisting organisations to build sustainable futures*
- *providing a catalyst and mechanism for the sector to work in partnership with government, business and the broader Australian community to achieve positive change.*

Our success will drive a more sustainable and effective charities and not-for-profit sector in Australia making an increased contribution to the well-being and resilience of all our communities.

See - <https://www.communitycouncil.com.au/>



The work of the not-for-profit sector is vital to the ongoing development, health and well-being of Australia.

Community Council for Australia



