

31 January 2022

The Hon Jim Chalmers MP
Treasurer
House of Representatives
Parliament House
CANBERRA ACT 2600

Re: Working in partnership with Shared Value Project and the private sector to advance the wellbeing of Australians

Dear Treasurer,

To advance societal progress and the wellbeing of Australians, we must acknowledge the significant role and contribution the private sector (both positive and negative) plays. Shared value is a business framework which recognises business progress and social progress are interdependent – the wellbeing budget seeks to address the societal issues that Australia is falling behind on; the Shared Value Project believes this cannot be achieved without a value creation partnership with business.

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.” In the past few years, with the rise of ESG, we have seen environmental and social issues take center stage in boardrooms and in investment conversations.

Shared value provides the government with a business framework which recognises the interdependency of business progress and social progress, encouraging (if not urging) businesses to rethink their relationship between profit and purpose. We believe this presents an opportunity for the Treasury to bring the private sector along with community groups to support the Wellbeing Budget in new ways. Unlike other approaches to environmental and social issues, shared value brings a lens of opportunity and growth (not risk) - enabling businesses to find profitable solutions in helping to solve society’s biggest threats. We encourage you to formally consider the economic and social contribution that the private sector can make, by identifying the key issues business is uniquely placed to help address.

The Shared Value Project can support this process using shared value methodology along with other leading frameworks such as the Impact Weighted Accounts Framework (also developed out of Harvard Business School).

A path to wellbeing

On behalf of the Shared Value Project member network (see Appendix 1), I propose that greater and more sustainable economic and societal 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 Wellbeing Budget ‘Measuring What Matters’.

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. Every year since then, Larry Fink, founder of global

asset manager Blackrock, in his [Letter to CEO's](#) has 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 2022 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.

Business: A critical partner to realise the ambitions of the Wellbeing Budget

The worrying headline from the [2022 Social Progress Index](#) is that “the world is facing its first social progress recession in 2023”. So perhaps there has never been a more important time for all sectors to work together, leveraging their unique strengths if we are to make real progress. Social Progress Indexes (including the OECD Better Life Index) have to date missed the specific role and contribution of the private sector, targeting government policy and investment. We believe a private sector specific lens to progress goals and applications will deliver on the shared value opportunity and provide a meaningful framework for business to respond to and measure its positive societal contribution.

We welcome the opportunity to explore with you how the Shared Value Project, our corporate partners and academic advisors can support the Wellbeing Budget, underscoring the role and contribution for the private sector in achieving its wellbeing outcomes.

Yours faithfully,

Sarah Downie

CEO, Shared Value Project

Contact:

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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, Arup, Nestle, Arnotts, Regis Aged Care, Energy Australia and Enel Green Power.

Through education, events and evidentiary support, we are committed to supporting a more sustainable future for Australia. 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

Business examples of shared value creation in Australia and the wider Asia Pacific can be found [here](#).

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

2022 Shared Value Award Winner: Corrections Victoria, for their employment pathways program designed on shared value principles directly with the private sector. Requiring no Government funding or incentives, but rather built to leverage market forces enabling it to be sustainable and scalable in ways previous employment programs have failed to achieve.