

A New Approach (ANA)

7 December 2023

Blueprint Expert Reference Group
Not-for-Profit Sector Development Blueprint
(via engage.dss.gov.au)

Not-for-Profit Sector Development Blueprint Issues Paper

A New Approach (ANA) welcomes this opportunity to make a submission regarding the Not-for-Profit Sector Development Blueprint (the Blueprint). ANA is Australia's leading think tank focused on arts and culture. Through credible and independent public leadership, ANA helps build an ambitious and innovative policy and investment environment for arts, culture and creativity. We work to ensure Australia can be a great place for creators and audiences, whoever they are and wherever they live.

We welcome the Issues Paper highlighting arts and culture as key activities for not-for-profits (NFPs). Arts and culture programs are significant activities for the 60,000 charities regulated through the Australian Charities and Not-for-Profits Commission (ACNC). Arts and culture programs account for 7 per cent of all programs for these charities and 3 per cent of charities have the sole purpose of 'advancing culture'.¹

In this submission, ANA provides answers to select questions from the Issues Paper. We highlight how governments and NFPs can contribute to shared outcomes, how governments can help NFPs be informed by evidence, and policy options to increase philanthropic giving in an arts and culture context. We note timeframes for the Blueprint are under revision and will share a forthcoming Insight Report on the theme of partnerships for a cultural life (scheduled for mid-2024 release), if timeframes align.

In our role as a philanthropically funded, independent think tank, ANA is ready to provide further information about the response in this submission and would welcome the opportunity to discuss. We confirm that this submission can be made public.

Warm regards,



Kate Fielding, CEO, A New Approach (ANA)

Answer to question 3.1.3. What would an outcomes focused approach look like in your area(s) of work? What would be needed to move towards this and what unanticipated consequences should government and the sector consider?

At a high level, an outcomes focused approach involves:

- **Governments collaborating with public, not-for-profit and private organisations to identify and pursue sector-, economy- and society-wide outcomes.** This helps all organisations to contribute to shared outcomes and understand their place in the big picture. For example, NFPs in arts and culture contribute to outcomes across a range of policy areas, including:
 - **Productivity:** In our recent Insight Report *Accelerate: Reframing culture's role in productivity*, we identified opportunities to lift productivity of 'advancing culture' NFPs that are delivering (or involved in the delivery of) 'non-market services'.ⁱⁱ These opportunities include adopting 'flexible', 'blended' and 'shared' approaches to financing their activities, using and reporting benchmark results, and making data-led improvements in the quality and variety of goods and services. We also identify opportunities to strengthen the diffusion of innovations from these NFPs to other parts of the economy. This includes identification of innovation diffusion channels in the cultural and creative industries such as peak bodies, industry groups, regulatory organisations and code reviewers.
 - **Wellbeing:** For example, highlighting 'creative and cultural engagement' as a key indicator in the Australian Government's Wellbeing Framework helps arts and culture organisations (and organisations contributing to creative and cultural engagement) to understand their contribution to wellbeing.ⁱⁱⁱ
 - **Arts and culture:** Recent efforts from federal, state and local governments to develop multi-year plans for arts and culture policies, plans and strategies help arts and culture organisations to pursue outcomes together.
 - **The Olympic and Paralympic Games:** Long-term collaboration will be particularly important in the lead-up to the Brisbane 2032 Olympic and Paralympic Games, noting the 'Fostering arts, culture and creativity' is a focus area for the 20-year Brisbane 2032 Games Legacy Strategy.^{iv}
- **Not-for-profit organisations identifying, pursuing and evaluating against their own outcomes, with regard to shared outcomes.** Pre-COVID figures from 2017-18 show that goods and services were the largest revenue stream for 'advancing culture' NFPs (47 per cent of all revenue), followed by government grants (30 per cent) and donations (12 per cent).^v The most recent figures from 2019-20 and 2020-21, during the first two years of the COVID pandemic highlight the changes in revenue sources during this period.^{vi} These revenue streams highlight the importance of NFPs setting their own outcomes that clarify and reflect their purpose and vision while navigating the requirements of diverse revenue sources and pursuing shared outcomes.

Answer to question 3.1.4. What role(s) should government play in helping NFPs become data capable and informed by evidence?

In ANA's view, government has a role in **preparing and publishing datasets on cultural and creative activity**, including through the Methodology Refresh for the Cultural and Creative Activity Satellite Accounts.^{vii} For example, we note the ACNC Australian Charities Report provides annual statistics on 14 subtypes of NFPs, including the 'advancing culture' subtype (and other subtypes which may deliver 'arts and culture' programs). Including these charity statistics in the Cultural and Creative Activity Satellite Accounts would provide a fuller picture of cultural and creative activity not only for NFPs, but for policymakers and other organisations in the arts and culture space.

There are likely to be low-effort opportunities to collect and publish datasets for existing programs. For example, governments could more consistently collect and publish data for grant applications and acquittals, where possible and appropriate. Such datasets (and any associated analysis) could assist with industry benchmarking and impact assessment, by governments, researchers and others.

Government also has a role in **enabling 'a highly-skilled research workforce'**, an outcome highlighted in a report prepared for the Office of the Chief Scientist.^{viii} This would be particularly helpful for think tanks (such as ANA) and other NFPs, which require a broad range of capabilities from their researchers, as the Australian Council of Learned Academies (ACOLA) has found.^{ix} ACOLA also found that existing processes and metrics to evaluate the performance of researchers and research institutions can have unintended, negative impacts. These include 'limiting the scope of research, mobility, innovation (into commercial and policy outputs), collaborations and career opportunities'.^x

Answer to questions

- **5.1.1. What policy and regulatory reforms would help increase giving to charities?**
- **5.1.2. How can the NFP sector further mobilise and access philanthropy in support of its work?**
- **6.1.2. Are currently available legal structures, governance standards and tax concessions fit for future purpose? How might these be improved or changed?**

Our submission to the Productivity Commission's Philanthropy Review highlighted policy options to increase philanthropic giving in an arts and culture context, including to charities:

- **Removing barriers to philanthropic giving**, as Philanthropy Australia also highlighted in its submission to the National Cultural Policy consultation.^{xi} This includes:
 - Allowing Private Ancillary Funds (PAFs) to count future years (maximum three years), which would encourage increased multi-year funding for organisations with Deductible Gift Recipient (DGR) status. This would increase cash-flow certainty, productivity, and workforce retention, overcoming current restrictions of PAFs in counting future years grant commitments in current years targets.
 - Introducing new structures and incentives to increase philanthropic support to arts organisations such as Living Legacy Trusts.
 - Reforming DGR eligibility so more arts and cultural charities can receive tax deductible donations.
- **Exploring opportunities to increase the proportion of charities with DGR status.** The ACNC confirms 'DGR-endorsed charities are more likely to receive donations'.^{xii} In the latest Australian Charities Report, the ACNC also confirms that 'donations and bequests' accounted for 16 per cent of total revenue for 'advancing culture' charities, compared to 7 per cent for all charities.^{xiii} A higher proportion of 'advancing culture' charities (60 per cent) had DGR status, compared to 40 per cent for all charities.^{xiv}
- **Exploring a partnership framework between different investors, including governments, industry and philanthropic entities.**^{xv} Through this framework, governments should aim to strengthen collaborative relationships with philanthropic entities and co-investors. These relationships would be part of transparent, strategic and long-term public policy settings in arts and culture, generating confidence and trust from co-investors, including philanthropic supporters. Our Chair, Rupert Myer AO recently delivered an Address to the National Press Club where he shared his vision for Australia to become a global cultural powerhouse. In the Address, he called for the elevation of the existing meeting of Cultural Ministers to a formalised Ministerial Council reporting annually to National Cabinet. Such a Ministerial Council could help develop a partnership framework.

Endnotes

- ⁱ ACNC, “Australian Charities Report – 9th Edition,” June 22, 2023, 17, <https://www.acnc.gov.au/tools/reports/australian-charities-report-9th-edition>.
- ⁱⁱ ‘Non-market services’ are those typically provided free of charge, or at prices that are well below cost because, usually, the government is the key funder (and often the provider) and regulator. Kate Fielding, Angela Vivian, and Sari Rossi, “Accelerate: Reframing Culture’s Role in Productivity” (A New Approach (ANA), November 29, 2023), 17,35, https://newapproach.org.au/wp-content/uploads/2023/11/ANA-Accelerate_-Productivity-Insight-Report-2023.pdf.
- ⁱⁱⁱ Commonwealth of Australia, “Measuring What Matters: Australia’s First Wellbeing Framework,” 2023, https://treasury.gov.au/sites/default/files/2023-07/measuring-what-matters-statement020230721_0.pdf.
- ^{iv} State of Queensland (Department of Tourism, Innovation and Sport), “Elevate 2042 - Brisbane 2032 Olympic and Paralympic Games Legacy Strategy,” November 2023, 51, https://q2032-public-assets.s3.ap-southeast-2.amazonaws.com/documents/ELEVATE%202042%20Legacy%20Strategy_FULL%20LENGTH.pdf.
- ^v Kate Fielding, Angela Vivian, and Sari Rossi, “To Scale: Mapping Financial Inflows in Australian Arts, Culture and Creativity,” Insight Report (Canberra: A New Approach, 2023), 20, https://newapproach.org.au/wp-content/uploads/2023/08/ANA-64088-To-Scale-Report_Combined_AW.pdf.
- ^{vi} Fielding, Vivian, and Rossi, 20.
- ^{vii} A New Approach, “Feedback on Cultural and Creative Activity Satellite Accounts Methodology Refresh,” May 2023, <https://newapproach.org.au/wp-content/uploads/2023/05/ANA-Feedback-on-the-Cultural-and-Creative-Activity-Satellite-Accounts-Methodology-Refresh-2023-.pdf>.
- ^{viii} Australian Council of Learned Academies (ACOLA), “Research Assessment in Australia: Evidence for Modernisation” (Office of the Chief Scientist, 2023), 68, https://acola.org/wp-content/uploads/2023/11/ACOLA_ResearchAssessment_FINAL.pdf.
- ^{ix} ACOLA, 24.
- ^x ACOLA, 6.
- ^{xi} A New Approach, “Submission to the Productivity Commission’s Philanthropy Review,” May 2023, 10, <https://newapproach.org.au/wp-content/uploads/2023/05/Submission-to-the-Productivity-Commissions-Philanthropy-Review.pdf>; Arts Funder Network (Philanthropy Australia), “National Cultural Policy Submission,” 2022, https://www.arts.gov.au/sites/default/files/documents/ncp0052_philanthropy-australia-arts-funder-network.pdf.
- ^{xii} ACNC, “Australian Charities Report – 9th Edition,” 42.
- ^{xiii} ACNC, “Australian Charities Report – 9th Edition,” 32, 66.

^{xiv} ACNC, “Australian Charities Report - 9th Edition, Charity Data Explorer,” 2023, <https://www.acnc.gov.au/australian-charities-report-9th-edition-charity-data-explorer>.

^{xv} Commonwealth of Australia, “Revive: A Place for Every Story, a Story for Every Place – Australia’s Cultural Policy for the next Five Years,” January 2023, <https://www.arts.gov.au/publications/national-cultural-policy-revive-place-every-story-story-every-place>; A New Approach, “Submission to the Productivity Commission’s Philanthropy Review,” 7.