



PHILANTHROPY
Australia

Philanthropy: Passion & Purpose

Philanthropy Australia Conference 2008

Strengthening Community Capacity Through Philanthropy

Afternoon Plenary by Senator The Hon. Dr Ursula Stephens

16 October, 2008

An electronic version of this speech is available at:

www.philanthropy.org.au

Good afternoon everyone, thank you for inviting me to join you at this year's conference. I acknowledge the First Australians on whose lands we meet and whose culture we celebrate as one of the oldest enduring cultures in human history.

I'm delighted that the Commonwealth Government, through the Department of Families, Housing, Community Services and Indigenous Affairs has joined with the Macquarie Group Foundation to sponsor the conference. We have provided \$50,000 towards the event in what we believe is both a gesture of support, but more importantly a signal that we want to work with the philanthropic sector in a very meaningful way, to achieve some of our government's most important plans.

The Conference theme this year is particularly important, focussing on strengthening community capacity and capability through philanthropy. I would like to make some observations about how that is attuned to the Government's own agenda; as well I would like to share with you some of the government's priorities as we focus on policies to bring about a more inclusive community where everyone is able to participate in worthwhile and fulfilling ways.

But, first I'd like to talk about all of you in the philanthropic sector.

I'm sure that the past few weeks have been as unsettling for you as they have been for the government— whether you are a philanthropist, associated with a philanthropic organisation, or an organisation that has been the beneficiary of philanthropic effort, or an interested bystander – the volatility of the global financial market will, I am sure, have implications for you.

The Prime Minister moved quickly to reassure the Australian people that the Australian financial system is strong and that we are better placed than most countries to weather the storm that is this financial crisis. He called for a sense of proportion and perspective across the nation because we have:

- A very strong regulatory environment
- 4 of the world's AA rated banks
- Exposure of about 1% of sub prime loans
- A strong budget surplus

Since all this began, the Reserve Bank has moved quickly, to take action, including by:

- Strengthening our domestic financial system,
- Investing in Australia's mortgage markets;
- Strengthening consumer protection through the Financial Claims Scheme ;
and
- Creating uniform national credit regulation.

The Reserve Bank moved to reduce interest rates by one percentage point last week, and this week the Prime Minister and the Treasurer announced a \$10.4b economic security plan, as part of the government's strategy to keep Australia's economy strong.

And already there are strong responses that our plan will benefit many parts of the economy – stimulating economic growth by boosting consumer spending, jump starting construction activity and improving housing affordability, doubling the number of training places in the Productivity Places Program to quicken the pace of skilling and re-skilling in critical areas of labour shortage, and respond through structural adjustment training for recently unemployed workers, fast-tracking our \$20 billion infrastructure program, which will include social infrastructure;

You might wonder why I'm raising this now. It's because I am acutely aware that some of our most active and entrepreneurial philanthropists may well have been caught up in the global financial turmoil, because of the truly international nature of financial investment, and that this may have implications for some of our work and of course, your work.

Just as importantly, I want to reassure those who are the beneficiaries of your philanthropic investment that what has happened in other countries is less likely to occur here, because of our strong financial systems and regulatory regime.

I read this morning that three UK Charities fear they have lost reserves totalling 25 million pounds in the wake of the banking collapse in Iceland. Charities in the UK have asked the Chancellor Alistair Darling to extend to charities the protection offered by the UK government to individual savers, saying that the government must act now to save charities and the people they support.

The National Council of Voluntary Organisations is seeking assurances from the government that its members' money was protected and has called an emergency meeting of leaders from across the sector to discuss the crisis. The UK Charities Commission has a crisis hotline for charities dealing with the financial meltdown in Europe.

We are confident that this will not happen here at home. In Australia the commitment by the government to guarantee accounts for three years should give most organisations a sense of surety and stability that will protect our charities from such a catastrophe. But, we are keen to know of any of our charities have been exposed, or are in trouble, and are researching this issue at the moment.

This morning Bruce Bonihady outlined how the global economic crisis, and governments' responses to it have changed the landscape for philanthropy and how we are entering a new era which will fundamentally change the roles that key players will have, as governments, underwriting corporations will be seeking assurances of changed practices.

Social Inclusion

It is clear that the philanthropy sector can play an important role in the Government's Social Inclusion Agenda because it is about civic engagement and community connectedness; and to achieve this engagement requires the participation in deeply collaborative work between the philanthropic sector, government and the not-for-profit sector and the communities we seek to serve.

As I have met with people in communities across Australia over the past year, I sense willingness by individuals and corporate organisations to become more engaged and contribute to the Social Inclusion agenda. They want to play key role in defining who we are and how our lives acquire meaning, for ourselves and for others in the community.

And that of course is what philanthropy is all about: the future and seeking change.

The word itself is of Greek origin, literally meaning 'love of humankind' and in its modern sense, means providing contributions for public purpose for individuals, corporations and foundations.

We know that philanthropy has the unique ability to translate success into significance, indeed into magnificence.

Philanthropy acknowledges that neither the marketplace nor the government can do it alone.

It acknowledges that a better world is created, not just by government, but is produced by many creative citizens and organisations willing to grapple with issues and bring about change for the common good.

To reflect the words of the Prime Minister in a speech he gave earlier this month, the challenge we confront is to broaden the economic debate, not only about corporate values, but about the general values of our current age.

So, when we talk about our social inclusion agenda, we are defining our vision for Australia and seeking change for the common good.

We believe fundamentally that every Australia must have the chance:

- To secure a job – to experience the dignity of work and the benefits that work can bring;
- To be able to access the services they need wherever they may live;
- To be able to connect with family, friends, work and community and share in the strength that comes with that connectedness;
- To have the personal resources and resilience to deal with personal crises that may occur in their lives; and
- To have their voices heard- to have a sense that their opinion is worth expressing and importantly that it is worth listening to.

We are fundamentally about strengthening our society and our democracy.

We want all Australians to be able to share in our nations' prosperity and to achieve their potential.

And, in Government we have quickly come to the view that if we are to achieve our ambitious social inclusion agenda over the next decade, we are challenged mightily,

within government, to rethink how policies and programs across portfolios and levels of government can work together to combat economic and social disadvantage in Australia.

This is what is happening in the revitalised COAG arrangements, the collapsing of Commonwealth-State funding agreements through the SPPS and the development of National Partnership Agreements.

It's why the Social Inclusion Unit has been set up at the very centre of government, in the Department of Prime Minister and Cabinet to oversee whole-of-government processes to drive our nation building agenda.

It's why the Prime Minister has appointed an eminent Australian Social Inclusion Board to provide high level and strategic advice about how we should be tackling these issues through systemic change with government.

It's why the Government wants to invest effort and time into developing a new and stronger relationship with the not-for-profit sector, based on trust, partnership and respect and which acknowledges the sector's wisdom, independence and experience.

And of course it's why we want to strengthen Australia's philanthropic environment.

The most recent information the Government has received from Philanthropy Australia highlights the changes that have occurred in the philanthropy landscape here in the past decade:

- a strengthening of corporate philanthropy
- The establishment and growth of Prescribed Private Funds
- The emergence of the first generation of women who have made their own money and who want to invest in social change.
- The growth of donor-advised funds including community foundations
- The emergence of entrepreneurial affluence that will have taken a hit in recent weeks.

Nevertheless, the total foundation giving has been at between half a billion and one billion dollars per annum.

This is an indication of the significant willingness of the corporate and business sectors to provide their time and energy to support the community by way of financial assistance and other voluntary activities.

Frankly, we want to working closely with the philanthropy sector to find new ways to engage those who want to contribute to their communities and their country. We want to make it easier for people to give their time and their talents.

We know our philanthropists are inspired by the opportunity to seed ideas and are motivated to fund strategic, systemic change and 'between the cracks' projects and help build organisations for the long term.

And we know that to harness all of this goodwill, we need to strengthen Australia's philanthropic environment.

We are putting our minds to how this can be done, and seeking the advice of your sector.

How we can provide more support for entities and ensure that newer foundations and funds are aware of training opportunities and networks such as that so ably sponsored by Philanthropy Australia.

How we can support older trusts interpret the founder's wishes, being leaders and partners in their grant making to non-profit organisations, and linking with other grant makers where possible.

How can taxation and regulation be improved and compliance regimes reduced .

And, by ensuring that where the markets and government don't, won't, can't or shouldn't operate, there is someone to fill that space. This is the gift of philanthropy.

Philanthropic investment, working closely with non-profit organisations on the ground, taking risks, testing new ideas and driving social change.

And for that to happen we know we also need a strong non-profit sector. So we are working very hard on a number of fronts to strengthen that sector too.

National Compact with the not-for-profit sector

For two years now I have been hearing about the grinding down of the capacity of the non-profit sector and how successive governments, through competition policy, competitive tendering regimes and a strict adherence to purchaser-provider models of service have diminished organisations in the sector. Everywhere I go I here the stories about depleted organisations with limited or no capacity for professional development, renewal, research or succession planning.

This just can't go on, and the government recognises that.

If we are want to have the non-profit sector that we are going to need in ten years time, then we have to acknowledge that the sector is about so much more than services – the organisations working in this space are the glue that binds us together as a nation. They give voice to the voiceless, they advocate for change where change is needed, and they keep us in government honest and alert to what is happening in our communities.

So the issue is really about the value we place on the contribution of the sector to our society.

That's not all the story of course. I love it when I meet excited, innovative and committed organisations who deftly and nimbly find ways of manoeuvring through a burgeoning regime of reporting and fund arrangements, and who are doing inspirational work.

The Government acknowledges that we need a strengthened non-profit sector, to work with us, to advise us on what is working, what is good policy and what we should change, to share in our vision for a better Australia and to strengthen our economy.

It's in all our interests that the sector has major investment in capacity building and workforce development. These are the organisations that are really at the front line of our most challenging work.

We believe that a national compact can help us to work towards that goal – sharing in our vision and strengthening their capacity to play their part. The Government has been involved in a round of consultations about developing an historic National Compact with the non-profit sector.

The Government engaged ACOSS to organise consultations and meetings across Australia and I have managed to attend almost all of them. . Submissions were also able to be made through the ACOSS, Social Inclusion, and Department of Families, Housing, Community Services and Indigenous Affairs websites, and to date about 50 submissions have been received.; as well there have been more than 25,000 hits on the National Compact website where a background paper can be downloaded.

The idea of a Compact is part of the government's reform program to build an Australia for the 21st century, and it has been well received throughout the consultation process and seen as useful in the Australian context.

To help us think through the issue and advise on how to take the ideas forward I am being supported by an Expert Panel co-chaired by David Crosbie, CEO, Mental Health Council of Australia and Evan Lewis, a senior manager from FaHCSIA has been established. We will receive a report from ACOSS at the end of the month and will then be working on the next phase of the compact development.

Parallel reform

Work around the development of the National Compact is occurring in parallel with a number of reform initiatives that will have an impact on the not-for-profit sector generally and the philanthropic sector as well.

You will be aware of the Senate Economics Committee's inquiry into disclosure regimes for charities and not-for-profit organisations. It will report in November 2008, and public hearings are scheduled for Canberra on 28 and 29 October, Melbourne 30th and Sydney 31st. Philanthropy Australia has been invited to participate in these hearings.

Next year the Productivity Commission will commence a review into the social and economic contribution of the third-sector.

The Henry Review of the Tax System will result in a report to Treasury at the end of 2009; and

A National Reform Agenda is underway through the Council of Australian Governments (COAG)

So you can see that the Government is very serious about improving the way in which the non-profit sector operates and about making it easier for organisations working in the sector to be effective.

Your role

The philanthropic sector has an important part to play in increasing the levels of social inclusion. An important way you do this is through your ability to engage the business sector, to facilitate and promote local philanthropy and strengthen organisational capacity as well as local action within the communities and organisations you are supporting.

Philanthropy Australia has made a submission to the Senate Inquiry brings together a number of issues that are of concern to you and I commend the work that Gina Anderson and the Philanthropy Australia Board are doing and thank you all for your generous advice and assistance you are so willing to give when I call .

Your connections to your local communities and your ability to build endowments put you in an excellent position to be able to craft dynamic partnerships to address local issues and needs. Community foundations can foster, enhance and develop leadership and other skills in communities, not only for Boards and staff but also for volunteers and other organisations seeking grants.

So, as Bruce said this morning, this is the beginning of a new era for philanthropy.

It is an era which is which is marked by a change in vocabulary, new ways of giving and new types of donors who are more focused and intentional in their approach rather than responsive to ad hoc requests.

We need our philanthropists to grasp the new realities in Australia, to be the leaders and models for other. Our social inclusion agenda gives Australian philanthropists and all involved in the philanthropic sector the chance to create, to shape and influence a sector and a nation.

I have been meeting with many high worth individuals as we start to shape our new approaches to philanthropy with a particular domestic flavor. They tell me that philanthropy can be the most enjoyable and personally satisfying part of their lives, that it is evolving and changing, and that the biggest buzz comes from being “an agent of meaningfulness”.

Philanthropy is making contributions of all kinds to Australia’s social development: research, money, ideas and people at unprecedented levels. I thank our philanthropists and philanthropic organisations for this.

Just like you, we believe that we need to be more strategically engaged with our philanthropists wherever they are. Of course we have trans-national philanthropic players, and their support for leadership and development around the globe is growing in intensity.

So, we have never seen a time so promising or so challenging for philanthropy.

You know this – your conference agenda reflects this and I commend you for your focus on the future and your role in Australia's development.

The government wants to hear how you think we can grow and support philanthropy in Australia. I look forward very much to hearing the outcomes of the conference, and wish you success and stability in the coming months!

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