

ADDRESS BY
HIS EXCELLENCY MAJOR GENERAL MICHAEL JEFFERY AC CVO MC
GOVERNOR-GENERAL OF THE COMMONWEALTH OF AUSTRALIA
ON THE OCCASION OF
LAUNCH THE CENTRE FOR SOCIAL IMPACT
UNIVERSITY OF NEW SOUTH WALES, SYDNEY
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I acknowledge the traditional owners of the land on which we meet today; their traditional wisdom, enduring history and culture.

This occasion is a pleasure for two reasons - I have a keen interest in the issues that the Centre for Social Impact will address, and I am delighted to renew my association with Peter Shergold as Chief Executive of this exciting and timely new venture.

One of the last times Peter and I met was at a farewell lunch Marlena and I hosted early this year on his leaving the Australian Public Service after two decades of distinguished public service, culminating in five years as the Secretary of the Department of the Prime Minister and Cabinet.

We should all be very pleased that one of the foremost public sector leaders, academics and agents of organisational change in this country, is now applying his expertise to the vital issue of developing the concept and building up of social capital.

I was especially interested to see in the statement of the Centre's purpose that:

"Companies should, in the words of the UN Global Compact, 'embed environmental, social and governance concerns into their strategic thinking'".

Peter, I remember, chaired the Task Group on Emissions Trading last year which recommended that Australia establish a domestic trading system.

The more recent release of the Garnaut and McKibbin reports on climate change and a report on expectations of worsening drought by the Bureau of Meteorology and the CSIRO, highlight the growing realisation that climate change and the availability of natural resources such as water, energy and food are inextricably linked and form some of the most pressing challenges the nations of the world will face over coming decades.

One recent analysis suggests developed societies are already consuming around 20 percent more resources than our planet can sustain.

With a projected 9 to 10 billion people on our globe by the year 2050, we have to face the inevitable challenge of how to feed and support a population of this size in a sustainable way.

Alarmingly we are already seeing a shortage of staples in some countries and the hardships and conflicts flowing from that.

The availability, ownership and distribution of clean water is also increasingly a global issue.

Climate change and the sustainable use of natural resources have in the recent past been considered in terms of their economic, environmental and health impacts.

I have been suggesting for some time that we need to consider the social impacts of these challenges and how we might adapt our way of life to live sustainably with finite resources.

We can be sure that science and technology will provide some innovative and exciting solutions but we also need to consider how we might need to adjust as a society, with a primary objective being the avoidance of conflict.

Michael Wesley of the Australian Strategic Policy Institute noted last year that energy security issues are likely to substantially reshape the great power relationships in the Asia Pacific.

We should also note the importance of energy in the production of food and clean water.

With the eyes of the world about to focus on China for the Olympics, I note the tremendous social transformation underway there as economic growth of around 10 per cent annually, brings an increase in living standards for many in the cities of that country, but with hundreds of millions of others, particularly in rural areas, not yet receiving the same level of benefits as their city cousins.

A considerable challenge, of which the country's leadership is well aware, is to avoid social dislocation and potential conflict as this massive economic transformation occurs, whilst also addressing issues of resource availability and climate change.

And we should recognise that in this country, the success or otherwise of the transformation of China's massive economy will have its own economic, environmental, security and social impacts, which we will be well-advised to anticipate and plan for.

Ultimately, it is how this major social adjustment of the population is designed and implemented which will decide China's long term prosperity and stability.

With oil prices at record highs and estimates they will rise even further, it's timely to recall previous oil price shocks and reflect that the price of oil is set not only by the cost of production but also by perceptions in the market.

We need governments and businesses to be planning now for contingencies including the social ramifications should essentials such as oil, other energy sources, water and food rise dramatically in price through fear of anticipated shortages.

We can see a social impact already in some countries, including Australia, with the increasing price of petrol, and should consider the impact if there were simultaneous shortages in other commodities, particularly staples, or indeed when the current increased cost of fuel is properly reflected in the price of transported commodities such as food.

The corporate sector in particular needs to be alert to these issues so that price speculation based on fear can be minimised, and so the possible consequences of high prices for a range of goods and business inputs can be factored into forward planning.

So I applaud the mission of the Centre in providing business leaders with academic support to integrate the goals of an inclusive and sustainable global economy into their corporate planning and behaviours.

It is essential that we support our business and community leaders in understanding the environmental and social context in which their work is undertaken, and in so doing, maximise the social benefits of each enterprise.

We need social innovation born of the interplay between corporate social responsibility, government policy and not-for-profit advocacy - and hence the need for this Centre for Social Impact to help support their collaborative leadership.

I applaud, too, the Centre's work with not-for-profit and community organisations - many of which have

taken a lead in promoting greater environmental consciousness.

I believe there is a growing understanding among government policy makers, the private sector and the populace at large, that Australia's not-for-profit sector plays a very important role in our well-being as a society. It has to be when we consider that there are around 5 million volunteers in this country giving up to 3 ½ hours per week on average supporting charitable/volunteer organisations.

The continuing economic prosperity of our nation does not always highlight those groups of people who are doing it tough and the many wonderful paid and volunteer personnel who offer a helping hand in times of need.

The characteristics we cherish as Australians of compassion, helping a mate, hard work and our sense of belonging to a community are most strongly illustrated in the not-for-profit, community and volunteer sectors.

Yet the community and not-for-profit sector is at times dogged by a range of difficulties which hold back its potential contribution to society.

One of these challenges is the generally lower remuneration for the essential paid employees working for charitable and not-for-profit organisations, which means there is less incentive and reward to draw talented people into the sector.

The opposite side of the coin is that the many outstanding people who do work in this area do so because of their strong commitment to helping others, and this means they go the extra mile and see their role much more as a vocation rather than just a job.

Also, many community groups are smaller organisations which have less capacity to weather any difficulties and often lack management knowledge. They do the job because of their special technical skills, enthusiasm and commitment in an area, rather than through leadership or skilled management ability.

And because of a shortage of resources, very often the focus will be on getting the urgent helping tasks done, rather than managing the whole program strategically.

As time goes on, some organisations will fall further away from the mainstream practice and miss opportunities for improvement and organisational renewal.

Many of the 340,000 or so not-for-profit organisations in this country face similar management and organisational challenges but with few resources to address these issues, which in the longer term are critical to their ability to carry out their community support roles and indeed to their very survival.

And the Boards of many organisations are often drawn from the ranks of well-meaning individuals or those with a strong personal interest in the function provided.

Despite their fine intentions and eagerness to help, these good-hearted people may not be the right persons to take difficult decisions or finely judge the ethical issues and possible conflicts of interest in the decisions they take.

To realise the enormous potential in the not-for-profit, voluntary and charitable sectors, we need to address the fundamental issue of providing authoritative training and guidance for paid and volunteer staff alike in areas such as management, leadership, finance and ethics.

I am sure we are all aware of the situation where a person is persuaded - or perhaps press ganged - into being the honorary treasurer of a small association, but with little or no experience and not much idea of where to turn for help.

For all these reasons, the Centre for Social Impact has a major contribution to make in its aim of

providing first-class business teaching and research, tailored to those who will be the social managers and entrepreneurs of the future, and to enhance the professional capacity of individuals who seek to create social and environmental value through leadership of not-for-profit organisations.

There is also great potential to develop the synergies between the government, corporate and community sectors further, so that we gain the benefit of integrated planning and activity which maximises the contributions of all three sectors.

The Prime Minister, Kevin Rudd, recently suggested that 'the public sector leaders of the future could be drawn from the public, private and community sectors' and that 'this diversity better enables us to understand the different needs of the Australian community and to develop and deliver better public policy'.

He stated 'we should encourage Australian Public Service staff to spend time working in the private sector, the community sector and in overseas public sector roles, as opportunities to build a broader skill base that can be put to use …in the future'.

The benefits of such cross-sector movement and multi-skilling are clear.

To name just a few, the community sector will benefit from the influx of management, ethical and entrepreneurial perspectives, while the government and corporate sectors will benefit from understanding better the community, social and environmental contexts in which they work.

I see the Centre for Social Impact as having a key role in bringing together these various sectors with their particular perspectives and facilitating their essential integration.

Finally, I would like to note the absence of hard, quantitative data in many aspects of social research, and I offer the suggestion that with the academic focus of the Centre you might pursue the quest for data collation, benchmarking and performance measurement in this area, perhaps through partnerships with organisations such as the Australian Bureau of Statistics and the OECD.

Being able to measure social impact and the returns on social investment reliably would be of enormous benefit to all involved in planning, policy-making and corporate activities in Australia.

Ladies and gentlemen

The establishment of a new Centre does not occur without a great deal of careful thought, planning and support, so I would like to recognise the significant endowment from the Australian Government, the contribution of the many sponsors and supporters, the staff of the Centre and the founding partners of this bold collaboration - the University of Melbourne, Swinburne University of Technology and the University of New South Wales, which will provide the administrative headquarters for this new organisation.

The recent announcement of the endowment of the Chair of Not for Profit Leadership based at the Melbourne Business School is a welcome expression of private support for this vital role of social development and capacity-building in Australia.

This Centre is no less than an exciting development in our growth and maturity as a nation, where we are now open to the many synergies and benefits to be derived from developing integrated leaders and institutions working across the government, corporate and community sectors - leaders who fully recognise the many global, environmental and community contexts in which they work and can bring about positive social and other change as a result.

And thus it is with great pleasure that I launch the Centre for Social Impact, and wish it and the staff every success in its important and ground-breaking role.

Thank you.