



**CHAIRMAN'S ADDRESS
2002 SYDNEY LEADERSHIP DINNER
SYDNEY TOWN HALL
TUESDAY 26 MARCH 2002**

Good evening, ladies and gentlemen.

I appreciate the opportunity to share some thoughts with you tonight.

The Sydney Leadership program is a bold initiative, which is helping to build an important partnership between leaders in the business community and the not-for-profit sector.

It exposes business executives to a side of life which they may not always see.

And it gives the community sector access to business people and their expertise as well as facilitating the sharing of skills between both sectors.

Just as importantly, it helps to break down the barriers and cultural differences that can often impede an effective partnership between the two.

That partnership is becoming increasingly important as we look for new ways to address our mounting social problems.

Once considered largely the domain of Government and community organisations, there is now a growing expectation that business should get more involved in tackling these issues.

The prevailing view – one which I support – is that we have a shared responsibility in the development of our social capital.

Equally, we all share in the rewards of progress.

A society focused on the development of its social capital is empowered to pursue more ambitious social outcomes - such as wealth generation, improved education, medical and technological advances.

Globally, there are some exciting trends that successfully apply an entrepreneurial and best practice approach to social and community problems.

These developments are, however, relatively new and there are those who would argue the pace of change should be even quicker.

Before moving onto talk about these developments, I would like firstly to make a few comments on an issue that has become highly topical in recent times – that of corporate social responsibility.

The current debate centres on the concept of 'single bottom line' versus 'double and triple bottom lines' – whether, as a business, you are responsible only to your shareholders or to a broader community of stakeholders.

Personally, I have never believed that meaningful corporate community involvement and bottom line performance are mutually exclusive.

A tangible commitment to community involvement makes an important statement about the values and culture of any company.

It is something that is respected and understood – indeed expected – by the vast majority of employees, shareholders and customers.

It is an integral part of your corporate identity.

Macquarie's experience would support the view that having a corporate philosophy of community commitment – as well as employees and shareholders who actively embrace the concept – can be part of a *virtuous* circle that sustains ongoing and profitable growth.

At Macquarie, we have more than 5,000 job applicants a year, who frequently identify our approach to social responsibility as a distinguishing feature relative to other potential employers.

Our record of giving to the community goes back to our origins more than 30 years ago, when the concept was relatively new.

We now allocate nearly \$2 million a year for donations to a range of causes and programs in the community, both in cash and through 'in kind' support.

We focus on programs that reflect an energy, vigour and creative spirit consistent with the culture of the Bank.

We also support Macquarie employees pursuing their own community interests and passions.

I'd like to highlight one story that demonstrates what meaningful engagement between the two cultures is about.

We decided last year to run a Volunteer of the Year award within the Bank, to recognise the contribution many of our people make to the community.

The response was outstanding, with more than 30 people being nominated.

One of the winners was a 22-year-old man, Brad Scott, who works as a Risk Analyst in our Treasury and Commodities Division in Melbourne.

Two years ago, Brad turned up to help out on a Sunday night at the Margaret Oates Soup Van - which provides food to the homeless and unemployed in the Collingwood area.

He kept going back and, over time, came to appreciate that the Soup Van was as much about providing a sense of community as food.

He got to know many of the people who used the Van and, on many occasions, helped arrange accommodation for them.

Brad's involvement has now grown to the point where he supervises a weekly six-hour shift on Sunday night and is an active committee member.

He says the experience has been rewarding and transforming, particularly in terms of how he thinks about the world.

In that regard, the application of his time and talents have rewarded both him and the social venture he supports.

That's the experience of just one of our employees.

There are many similar stories within the Bank and, indeed, most major Australian corporations.

There will always be the need for that individual involvement at a grass roots level.

Potentially more exciting, however, are recent global developments which reflect a more sophisticated engagement between the corporate and community sectors.

Noel Pearson, the Chief Executive of Cape York Partnerships, articulated the increasing role business can play in social development at the recent Social Entrepreneurs Network conference in Melbourne.

In his speech, Pearson was highly critical of what he called passive welfare – that is, the provision of traditional government welfare funds to marginal communities.

He argued the case for an entrepreneurial alternative, with social *enterprise* displacing social *welfare* as the principal method of confronting social problems.

Pearson's inspiration was some extraordinary work initiated by the Reverend Andrew Mawson in the highly disadvantaged Tower Hamlets neighbourhood of East London.

Mawson transformed the community with a creative and entrepreneurial approach that resulted in the Church becoming, quite literally, a hotbed of entrepreneurial activity.

Recognising the need to engage the talents in the local community, Mawson reconfigured the church so that it became host to an artists and stonemason's studio, a day care centre, a café and a pizza shop, together with education and health care facilities.

This process was focused on meaningful personal engagement with the local community and sensible commercial partnerships.

It has given meaning, purpose and opportunity to a significant number of people who were struggling in difficult and desperate circumstances.

The work of Andrew Mawson spawned the development of the Community Action Network in the United Kingdom, a significant national organisation which has commercial engagements with practical, community-minded individuals and companies.

In the United States, there has been a similar wave of development, which has led to the emergence of a number of venture philanthropy investors.

The concept of venture philanthropy is based on providing mentoring, funding and support to community programs and projects, similar to the model that applies to the commercial venture capital market.

The key difference is that the results are not measured simply on profit performance, but through an assessment of social and community outcomes consistent with the venture's mission objectives.

These trends reflect a major shift in the traditional relationship between the corporate and community sectors.

They demonstrate the emergence of a far more active partnership, enabling the transfer of highly-developed financial skills from their traditional corporate roots to the not-for-profit sector.

In Australia, there are equally exciting developments, in which the Benevolent Society has been actively engaged.

As many of you would be aware, the Society is a founding partner – together with Work Ventures, the Smith Family and the AMP Foundation – of the recently launched Social Ventures Australia initiative, or SVA.

SVA's charter is to identify and support high impact social ventures, with an approach similar to the venture philanthropy model being applied in the US.

The founding Chief Executive of SVA is Michael Traill, who co-founded Macquarie's venture capital business and has been given a 12-month leave of absence from the Bank to head SVA.

As a venture capitalist, Michael has assisted with the development of many start-up and emerging companies.

He has developed significant expertise in mentoring these enterprises, developing the management skills base within them and, of course, obtaining the financial backing necessary for their survival.

He will now apply those skills to the community sector, in support of social ventures that would likely fail without the application of this kind of expertise.

As these examples demonstrate, the business community has much to offer the not-for-profit sector, beyond the provision of purely financial support.

Programs like Sydney Leadership are crucial in the development of the relationship between the two sectors.

We are really only just beginning to see how dynamic that partnership can be.

Recent developments show the intelligent application of commercial and entrepreneurial skills can have a significant impact in addressing deep community and social problems.

The disciplines and experience gained in the business world, appropriately exercised, can make a real difference.

The principal challenge facing all of us with commercial experience is to find a way to sensibly engage in the not-for-profit world.

If we can succeed in this, the benefits will transcend any bottom line.

Thank you very much.