

## **Tackling Complex Social Problems**

Preamble

### **Background**

MCF – as Melbourne Community Foundation is commonly known – was established in 1997 as the first independent community foundation in Australia. Like other community foundations world wide, it provides a tax effective umbrella to enable individuals, families, groups of like-minded people, charitable organisations and businesses to establish charitable funds. The income from the pooled funds is directed to support the work of community sector organisations.

After eleven years MCF now has approximately \$28 million in funds under management and 145 charitable sub funds. The corpus peaked in late 2007 at \$37 million prior to the economic downturn, something that is impacting community foundations worldwide. Over its eleven years MCF has distributed around \$10 million, \$2.1 million of it last year.

Interestingly, so far this financial year we have received the same level of donations as in the last three years, so we are hopeful of achieving of \$5 million this year.

As with most community foundations, MCF embodies the values and holds the promise of allowing people from all socio-economic levels within a community to collect and direct resources toward achieving a common vision for their community. In other words you don't need to be wealthy – just have the desire to support activities or address issues of concern.

The major assumption underlying the approach MCF advocates is that to be really effective, philanthropy should direct its support to activity that addresses the underlying causes of social ills. Ills such as poverty, inequality, abuse of human rights and environmental degradation.

MCF has clearly and openly stated principles about the society it wishes to promote. It has a mission about how it might work towards achieving its objectives and a set of goals and funding priorities to guide its day-to-day work.

We believe that in order to work towards our vision, our contribution needs to be more than just supporting services that assist disadvantaged groups in society.

To actually achieve real and effective change for these groups often requires structural reform of legislation, policy or institutions, and fundamental shifts in community attitudes and understanding. As Emmett Carson, CEO of the Silicon Valley Community Foundation in the USA, says – “It is not enough to support the service delivery arm of hard-working non-profit organisations. You’ve got to do more and you’ve got to recognise that educating public policy makers is crucial to your success”.

MCF also believes that a desire to ‘give something back’ is not necessarily the same as understanding the causes of social and economic injustice. While giving to medical research, the established arts, and charitable good works no doubt provides recognisable short and medium-term outcomes, it is not the same as supporting change agents, working to build community capacity, or funding independent policy research and advocacy.

Please don’t get me wrong, the short to medium term approach to funding is valid and necessary. However, as is happening in most community foundations internationally, at MCF we are increasingly committed to a longer term view. This involves adopting a more rigorous approach to our funding, particularly if we are undertaking major funding initiatives. If we are to effect lasting and significant change we must ensure that the projects funded come with a real understanding of the issues they are seeking to address and of the outcomes they are seeking to achieve. This involves gaining an understanding not just of the project itself but, more importantly, of the root causes that led to the need for the project and viable long term solutions.

MCF also believes that grantmaking should be accountable to the communities it serves. It recognises that it is crucial to give people from under-represented groups a role in decision-making about how funding should be allocated. After all, it is in their hands that the solutions lie. As funders we are just facilitators.

Our approach is to built on an understanding that a collaborative approach adds value not only to the process but also to the outcomes.

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With this in mind, and having grown relatively quickly since it was established, in 2004 MCF’s Board felt it was timely to implement a more proactive and strategic

approach to building social capital and supporting efforts to tackle serious social issues and their underlying causes.

As part of this more focussed grant making approach, it was agreed to undertake a number of initiatives in four priority funding areas - youth at risk, older people, innovation in education, and what we called '*the big picture for Melbourne*'.

This morning I will speak briefly about just one of these initiatives - MacroMelbourne - as an example of MCF's approach to funding and tackling complex social issues.

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MCF regularly holds forums for donors around specific policy areas such as employment and training pathways for disadvantaged young people, indigenous community development and drug and alcohol issues.

However broadening the scale and scope of these issues to include research and policy analysis, as well as collaboration with the philanthropic, government and community sectors, was far greater than anything we had attempted.

It was certainly more than our financial and human resources would realistically allow. To do so extended the leadership, educative and linking roles that we, or any other community foundation, had been able to play to date in Australia.

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MacroMelbourne. is an example of this extended approach

This initiative, commenced in 2005, relates to MCF identifying much more closely with its geographic base in the Greater Melbourne area. This includes the 31 inner, central, outer metro and interface councils identified by the Department of Infrastructure as forming part of Metropolitan Melbourne.

In order to focus on Greater Melbourne, we recognised that we needed to build a knowledge base for our donors and the broader philanthropic community, as well as for corporate funders. We needed key data on current needs, emerging trends and the impact of government planning and policy on Melbourne's growth and development.

We believed that building this knowledge base would place us in a much better position to achieve our mission of "addressing emerging social issues and meeting the needs of our communities". It would also assist us to establish links and partnerships between the philanthropic, corporate sectors and with state and local government, as well as community agencies active in providing services and building community engagement.

As part of what is another accepted role of community foundations internationally, MCF is keen to act as a neutral broker, playing a leadership role in facilitating public discussion and debate, as well as identifying where the philanthropic sector and the burgeoning group of corporates looking at community engagement can make a contribution to building Melbourne's social capital. MacroMelbourne sits perfectly well with this role.

So what is the Macro Melbourne Initiative?

The Macro Melbourne Initiative is about looking ahead. It aims to help the philanthropic and corporate sectors be proactive and strategic in their giving. It aims to reduce inequality and lessen disadvantage as Melbourne grows over the next 25 years.

It aims to identify and highlight the groups within the Greater Melbourne community that are being left behind as the city grows and changes. Most importantly, it aims to support and encourage strategies and directions for action.

The underlying understanding on which the MacroMelbourne Initiative has been developed is that it is better to confront and deal proactively with the issues and trends that will have long term impact, rather than wait and have to respond to them as problems further down the track.

MCF's partners in the Initiative are a diverse group, usually not associated with working together. They included:

- **The Committee for Melbourne** with its membership from business, science, academia, community and government.
- **Melbourne Cares**, an organisation which facilitates collaborative action by companies to improve the quality of life for disadvantaged people through volunteering,

- **Pro Bono Australia** , a company committed to increasing the level of philanthropy in Australia, and to giving not-for-profit organisations the resources they need to run effectively.
- **The Victorian Local Governance Association** which is a progressive peak body for local government and community that empowers local government by strengthening their capacity to engage with their communities and advocate on their behalf.

**And**

- **RMIT University's Centre for Applied Social Research.**

Such was the interest in the project that the Department for Victorian Communities provided a substantial grant to enable the Initiative to proceed.

Another really valuable partner and supporter of the initiative was *The Age* – Melbourne's daily broadsheet newspaper. In the couple of months leading up to a forum we had in 2007, three significant opinion pieces were published in the 'Enlightened Self Interest' part of the business section of the paper. This raised awareness and interest in what we were doing. In fact the work of MacroMelbourne was instrumental in *The Age* moving the enlightened self interest section into the main part of the paper.

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The first stage of the MacroMelbourne Initiative was the preparation of a discussion paper to provide its evidence base.

Prepared by Deakin University in collaboration with the Victorian Council of Social Service, Victoria's peak body for the community sector, it maps demographic change and current research around disadvantage in order to stimulate discussion and generate strategic thinking about possible responses. Preparing it didn't involve new research, but instead focused on drawing together available data and research and incorporating views of local government, community leaders and organisations active in the Greater Melbourne area.

The booklet outlines core concepts and approaches in the understanding and measurement of disadvantage. It explores why it is important to look at disadvantage in terms of the relationship between people and place.

It focuses specifically on Melbourne and the connection between location and disadvantage. The focus is on contemporary disadvantage and research into Melbourne's future up to 2030. It identifies trends and possible crisis areas that might impact unfavourably on disadvantaged groups or create new areas of disadvantage or vulnerability.

To emphasise the multiple and complex nature of disadvantage, a number of disturbing trends in the current Australian context are highlighted, and it emphasises four issues of particular concern. I suspect the trends will be very familiar to you in NZ.

**The first issue of concern related to unemployment and the changing labour market.**

Unemployment is an important factor in most studies of disadvantage. The research gave us the opportunity to drill down and really gain an understanding of the impact of unemployment across Greater Melbourne.

As we all know, unemployment can contribute to escalating cycles of disadvantage and exclusion. We found it is distributed unevenly throughout Melbourne as it is in most other major cities. Some areas have low unemployment, while others have rates twice as high as the official rate, with very high rates for sub-groups such as mature workers, low skill workers, school leavers or youth. Economic change has led to labour market changes with increased casualisation and more part time labour, which in turn generates winners and losers. In addition, geographic analysis shows that job growth has not necessarily been in areas of high unemployment.

Of course since this research was completed these issues have been even further highlighted.

**The second issue to be highlighted was housing.**

Housing and housing affordability are central to understanding disadvantage. The levels of household debt have now reached alarming levels, and as we know much of it is tied up in home mortgages or rentals that exceed accepted standards of affordability.

Geographic analysis of the housing boom revealed a fragmented pattern of capital gain and stagnation – not every suburb in Melbourne has benefited from the housing

boom with some at risk of negative equity. In addition, we found that lower cost accommodation is often some distance from employment and is car dependent.

### **The third focus area was Place**

There are specific areas of Melbourne and parts of the State of Victoria where poverty and disadvantage affect generations of families which are unable to access the types of services that might enable them to change their circumstances (VCOSS 2002). For example, in terms of Greater Melbourne, there is concern that service infrastructure has not kept up with population growth in the outer urban-rural fringe suburbs and growth corridors.

### **The fourth issue of concern was Accessibility.**

Accessibility becomes an important factor in investigating patterns of inclusion and exclusion. In many areas, the project demonstrates that Melbourne fails in terms of accessibility and services. There is a distinct gap in knowledge and measurement of accessibility, and a clear need for more research into accessibility and equity at a local level.

Once completed, the discussion paper was sent to several social policy 'think tanks' in Australia and overseas seeking their responses and suggestions on how best to address disadvantage and work towards a more resilient and equitable community.

A variety of responses were forthcoming – ranging from taxation reform, the use of superannuation/pension funds for affordable housing programs, mobilising social investment in areas not covered by the regular sources of funding, as well as indicating a range of areas for greater research etc.

**A forum** was then held which brought together participants from the philanthropic, corporate and community sectors, as well as from research bodies and state and local government. The intention was to explore strategic interventions and investments which could address disadvantage, and help prevent social problems emerging in the future. The goal of the forum was to develop potential partnerships around concrete issues and plans for future activity.

The ideas and projects generated at the forum were grouped under four broad headings – corporate social responsibility, affordable housing, the digital divide, and further understanding disadvantage.

Under each of these headings a number of projects were identified that were fully researched and published in a small booklet of thirteen suggested projects. [HOLD IT UP] These were considered ready to receive funding, the aim being that philanthropists, trusts and foundations and corporations would come together to collaboratively support these projects.

Since the publication of the booklet most of the suggested projects have either been fully or part funded through the collaboration of a range of funders.

So what next?

In spite of both limited funding and staffing resources, the enormous commitment from Board, staff and the steering committee in undertaking this initiative, as well as the fantastic response to it, has meant that MCF is determined to build and continue this evidence based approach to its work and offer this to other funders.

In collaboration with the McCaughey Centre, a social research and health policy centre at Melbourne University, MCF will be replicating aspects of this research on an annual basis, the first report is due out around July this year.

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So what has been learned the MacroMelbourne initiative that you might take with you today?

At MCF we set out with a huge vision, to assist bring about positive social change. We understood that all these initiatives would take time to achieve tangible outcomes, how much time – we had no idea. MacroMelbourne is now well into its fourth and is still evolving. Youth at Risk – another initiative I won't discuss in detail today – is now into its 5<sup>th</sup> year and we haven't even started working systematically on the planned initiatives around older people and innovation in education.

We recognised that the Initiatives would require levels of staffing and financial resources well in excess of those we currently had. We also had an understanding that in order to be successful, we could only be the neutral broker in the relationships. We understood that the solutions and the outcomes could only be achieved through collaborative effort and by bringing all potential players to the table out the outset.

What we learnt is that progress towards any long term outcome is not linear, MacroMelbourne has grown organically, as has Youth at Risk, our other major initiative. Both have gone off in all sorts of unexpected directions, many of which have led to other projects spinning off and being funded.

This has involved people moving outside their normal boundaries, their comfort zones. For some it has meant feeling unsafe, even exposed – particularly when it came to allocating additional resources for projects, making longer term commitments, or taking on additional responsibilities

Above all we have learned that adopting this approach to our funding is really hard, but by building trust and good will, is possible and certainly, worth it.

We now recognise that MacroMelbourne is about having a vision for our community. It is about looking a generation ahead, about imagining what a community's narrative might be in twenty-five years. It is about recognising that decisions now will shape what is yet to be written. That is within the keep of this generation to leave for future generations.

It is also about fostering relationships and trust. Any huge vision will only be achieved through working together over time and sharing knowledge and resources, particularly in this current testing economic environment.

It's recognising that to be able to make judgements now that shape the future, there must be guiding principles. None of us know the outcomes or the impacts of decisions before they happen. We can only exercise good judgement based on sound principles.

In the end we all want our communities to be liveable places for all citizens. From this single principle derive many others against which our judgements and decisions can be measured.

In this context the touchstones of good decision making are:

- Will it make our community more sustainable?
- Will it increase people's safety and wellbeing?
- Will it close the gap between the privileged and the underprivileged?
- Will it increase inclusiveness and access to services?

- Will it increase opportunities to work and participate?
- and
- Will it protect human rights, tolerance and diversity?

If we never lose sight of these objectives, we can build better communities, which is, after all, what community foundations and other philanthropic funders exist for.