



COMMUNITY ENTERPRISE CONNECTIONS

Welcome to Community Enterprise Connections

Welcome to the 10th Edition of Community Enterprise Connections.

In this edition you will find out about an exciting new project, **Finding Australia's Social Enterprise Sector**, which is attempting to identify and map social enterprise across Australia.

Mark Daniels introduces **Social Traders**, a new independent social enterprise development organisation recently established in Victoria.

Alan Greig of the **Mercury Centre Co-operative** in Sydney, explores the types of social enterprise structures which could support the development of a more sustainable economy.

We profile **Outlook**, a Victorian disability organisation which runs a number of highly successful social enterprises.

Don't forget to catch up on **Community Enterprise News** on page 4, including news of two recently released

reports related to social enterprise and information about a new *free* business service available to small businesses in a number of municipalities across metropolitan Melbourne.

Happy reading!

The CEDI Team.

If you have any questions, comments, or articles, please email or call the CEDI Team on cedi@bsl.org.au or 03 9445 2410.



Brotherhood of St Laurence

Working for an Australia free of poverty

Vol. 1, Issue 10, June 2009

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Finding Australia's Social Enterprise Sector

The Finding Australia's Social Enterprise Sector (FASES) Project is a partnership between Social Traders and the Australian Centre for Philanthropy and Non-profit Studies at Queensland University of Technology. The purpose of the FASES Project is to get an understanding of the scope, location and contributions of Australian social enterprise, in order to better support the advocacy for the work of these organisations.



organisations which trade for a social purpose including mutuals, credit unions, co-operatives, social firms, collectives, community owned businesses and not-for-profits that trade.

Later this year FASES will be asking identified social enterprises to complete a national online survey which will collect information about the scope, loca-

tion and contributions of these enterprises.

One of the outputs of this project will be an online directory of social enterprises across Australia, which can be used to promote the goods and services of these enterprises as well as provide opportunities for networking and information sharing.

All eligible organisations that respond to the FASES online survey will go into the draw to win \$1500 worth of goods and services from the social enterprise of their choice.

For more information or to contribute, visit:

www.socialeconomy.net.au

Your say

We would like readers to contribute to **Community Enterprise Connections**—you could write an article on your enterprise activities, reflect on the subject of community enterprise, or highlight any interesting enterprise work in Australia and beyond. If you have any comments or suggestions about this newsletter, please contact the CEDI Team on 9445 2410 or email cedi@bsl.org.au

SOCIALTRADERS

A force for Social Enterprise

The idea for Social Traders was born almost two years ago at a series of meetings of individuals and organisations interested in making it easier to develop and run social enterprises. Despite the best efforts of social enterprises and those working to support social enterprises there were significant gaps in the sector that were not being addressed. There was a need to create a conducive policy environment, develop a rigorous applied research program and generate greater investment and support for social enterprises.

As a supporter and catalyst of this work, the Brotherhood of St Laurence engaged The University of Melbourne to do a Scoping Study on the development of a social enterprise development organisation. The findings from the research identified a robust model and a compelling need. Indeed it was compelling enough for the Victorian Government and a private foundation to establish a unique collaboration and provide funding over four years for the establishment of Social Traders.

Social Traders was incorporated in late 2008 as an independent company established to facilitate, support and advocate for the development of commercially viable social enterprise in Victoria, and more broadly across Australia.

Social Traders will work with others to:

- raise the profile and highlight the benefits of social enterprise,
- influence policy,
- generate investment,
- build skills and knowledge, and
- encourage a coordinated approach to social enterprise development in Australia.

In the last week of June 2009 Social Traders was officially launched by the Victorian Minister for Planning and Community Development, the Honorable Peter Batchelor. Social Traders also ran a number of events in other states featuring

guest speaker John Montague from the TREES group (www.thetreesgroup.org.uk) in the UK.

Over the last six months Social Traders has initiated or partnered in the development of a range of projects including:

- Finding Australia's Social Enterprise Sector (FASES): a partnership with the Centre for Non-Profit Studies, QUT to map Australia's social enterprise sector. www.socialeconomy.net.au
- Social Traders social enterprise web site which will go live in the second half of July. www.socialtraders.com.au
- The 2009 Social Enterprise World Forum (SEWF'09) in Melbourne from 6-8 October, which Social Traders and Social Ventures Australia will co-host. www.sewf09.com
- Collaborating with social enterprise intermediaries and other organisations to develop joint submissions and hold events and forums.

In 2009/10 Social Traders will build on the work that is currently being undertaken and will use projects and partnerships to progress its strategic goals.

Some specific initiatives that will get underway in 2009/10 include: starting a Social Enterprise Development Fund which will provide training, support and finance to a number of social enterprises in Victoria; working with other funders and social enterprises to undertake a Social Enterprise Impact Project which will use a range of tools to measure social impact; working with partners to undertake a social procurement pilot project; and supporting the development of an Australian social enterprise purchasing directory.

Whilst Social Traders is based in Victoria and will work with individual social enterprises in Victoria, much of its research, advocacy and networking will occur nationally. Social Traders currently have 2 staff but will grow to 5 or 6 staff over time.



Community Calendar

3 July 2009

SOFA Seminar Series, Melbourne

Social Inclusion at Work

www.socialfirms.org.au

21 August 2009

SOFA Seminar Series, Melbourne

Social Enterprise Development

www.socialfirms.org.au

September 2009 - May 2010

Certificate IV in Governance, Melbourne/Sale/Bairnsdale

A new, nationally accredited course offered by Mountain Ash Executive Development in partnership with East Gippsland TAFE.

www.mountainashexecdevelopment.com.au/certificate-in-governance-course.php

6-8 October 2009

Social Enterprise World Forum, Melbourne

Co-hosted by Social Traders and Social Ventures Australia SEWF aims to showcase successful enterprises and raise the profile of social enterprise in the region and around the world.

www.sewf09.com

If you are interested in the work of Social Traders please contact Mark Daniels via mark.daniels@socialtraders.com.au or call 03 9421 7596.

Social Enterprise Structures for a Sustainable Economy — Alan Greig

Innovative social enterprise can go a long way towards introducing the kind of "values" into capitalism that Kevin Rudd was talking about in the press recently (Sydney Morning Herald, 1/4/09 - "Capitalism with heart - let's do capitalism again, this time with feeling") - "the values of equity, sustainability and community".

Social enterprise (SE) is not just about patching up the local economy – it has a big role to play in building a better economy overall. Most people in social enterprise see that what they are doing is pertinent to both business and to broader society – and that SE can change the way we do business in future.

While the SE sector in Australia is yet to really focus on this role, in the UK they are already tackling it - Jonathan Bland, chief executive of the Social Enterprise Coalition, was quoted in the UK Guardian newspaper on 20th August 2007, "Britain has a very "thin" model of business. The reality, he says, is that there are a range of fantastic business models but a real ignorance about the fact we can use them and be successful".

The point is that there is a great need for more diversity in the way we do business today. Currently, the business system is dominated by the private corporation which only has one stakeholder that matters, the shareholders. It is questionable whether this business model is environmentally and socially sustainable. Economic systems need to develop beyond the "financial bottom line" and look to opportunities for involving a wider range of stakeholders - employees, customers, suppliers and the broader community.

SE is ideally placed to deliver what is needed here. The business case for SE is built on social impact, empowerment and stakeholder ownership. SE encourages enterprises that are designed to further human well-being - while SE has a business focus, creating "social value" is at its core. It achieves this through trading activity that is both profitable and self-sustaining. SE is not anti-market and not necessarily anti-capital, though it is not based on capital ownership (profit distribution is usually limited to re-investing

into the social mission of the business). SE recognises that knowledge is as powerful as money and that collaboration is as an effective strategy as competition. SE may even return us to the self-help, mutualism and trust of the "old days" when these values underpinned social activity.

By definition therefore, SE business models deliver a social good while keeping wealth in the hands of the community. SE is generally both participatory and collaborative. To sustain this mission, structure and governance is instrumental. So what forms of incorporation can support these goals?

The most prominent form of SE incorporation in Australia is the company limited by guarantee, though questions remain about its ability to deliver something more than the "charity model" primarily because this social company has no formal "equity participation" as its structure is based only on members making guarantees on its liabilities. As a result, a SE based on this structure may not have an adequate capital base to assist in start-up and on-going trading. Therefore this form of incorporation limits the ability of SE to grow on a larger scale and be part of the solution to building more equitable and sustainable economy.

The Community Interest Company (CIC) in the UK was legislated for in 2005 to address this problem of limited equity participation in the SE sector. The legislation solved this problem through the introduction of the "community share holder" or "social investor". Over 1500 organisations have now incorporated under the CIC legislation in the UK - a very successful example is Greenwich Leisure Services. www.gll.org

There are alternative business structures available in Australia that can deliver transformative change in the mainstream economic system. Australia is already evolving towards the "not for profit, not for charity, but for social purpose" business model at the grass roots level. There are now dozens of these businesses operating. Together, they represent an emerging "Fourth Sector" beyond the traditional three sectors of business, government

and not-for-profits. They operate in the space in between, representing a blend of the best elements of the other sectors: self sustaining like businesses and focused on social impact like not-for-profits.

What can we learn from examining these "for social purpose" business models? Mainly we find that they are innovative forms of older themes - while different to the dominant form of business structure, most are not new at all. They include:

- Cooperatives, credit unions and mutuals;
- Employee owned companies (worker cooperatives, majority ESOPs and job-saving employee buyouts);
- Community or other stakeholder controlled trusts (especially in the land care and environment protection area);
- Mission-driven private corporations (eco-enterprises such as earth sanctuaries, eco forests etc);
- Associations (especially those in the alternative currency field, such as LETS)
- Hybrid organisations (non-profits with income generating subsidiaries).

All of these business models have some level of positive social impact. Most manage well the trade off between financial return and social impact. Some have a social impact while also generating a financial return (e.g. community owned windfarms or other renewable energy projects, or community buyouts such as stores and service stations). All usually aspire towards stakeholder participation and shared ownership principles.

While space is not available to explore in depth the issue of business models for a more sustainable and participatory economy, this gives a glimpse of what models a reformed economic system could be based on and how change might begin to be managed by social enterprises.

Alan Greig

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Enterprise Profile — Outlook



Outlook (Vic) had humble beginnings as a school for children with a disability in the once small town of Pakenham in Victoria. It has now developed to become one of Australia's foremost social enterprises.

Outlook recognised early on that as a result of new government policies and funding priorities it could not continue to rely on government to fully fund its services. They recognised the need to cover shortfalls through proactively building partnerships with social investors. Through these partnerships Outlook has been able to invest in facilities and services which will ensure its ongoing sustainability.

Outlook Environmental, the enterprise arm of the Outlook, comprises six Resource Recovery Centres, five Recycled Goods Shops, and a nursery Outlook Greenery.

Fifty percent of Outlook Environmental's workers are disadvantaged in some way. The work at Outlook offers them an opportunity to be valued as a contributing member of the community while having strong, supported relationships.

As part of its commitment to valuing the contribution of its workers, Outlook Environmental was the first organisation in Australia to provide full award wages for people with a disability.

Workers at Outlook Environmental are offered a range of training opportunities, including accredited traineeships, in a diverse range of areas including retail, machinery use, warehousing and waste management.

All profits generated by Outlook's enter-

prising efforts go back into supporting Outlook's community programs, including: a community centre which offers accredited training and facilitates support groups; Outlook One, a program to connect people into the community through support, education and training; respite and leisure services; and a vibrant volunteer program.

Based on research by Social Ventures Australia it was calculated that for every dollar invested in Outlook Environmental, a donor or philanthropic trust can expect a social return of \$1.90. This demonstrates the real community value Outlook is creating.

For more information on Outlook visit their website: www.outlookvic.org.au

Outlook Environmental

Phone: 03 5941 1535

E-mail: reception@outlookvic.org.au

Community Enterprise News

Community Enterprises in the Food Sector Report

A report on a workshop with community enterprises in the food sector and researchers is now available. The report introduces the participating community enterprises and then discusses the main themes that emerged from the workshop discussion. Participating enterprises include Food Connect from Brisbane and Beanstalk Organic Food in Newcastle, and participating researchers include John Pearce from the UK. One of the main themes discussed is the extent to which the practices of the community enterprises are shaped by their values and ethical commitments.

For a copy of the report go to:

www.communityeconomies.org/papers/comecon/jcameron01.pdf



Churchill Fellowship Report

Joanne McNeill from the Parramatta City Council recently completed a report of her 2008 Churchill Fellowship to study how the public sector can support growth and sustainability in social enterprise activity. The Fellowship study tour took her to the UK, US and Canada to gain insights into a wide range of approaches to government support of social enterprise activity.

For more information or to obtain a copy of this report please contact:

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02 9806 5102

Right Track – Free Business Advice

Right Track is a new service offered through the Business Enterprise Centres in the cities of Melbourne, Yarra, Moonee Valley, Hume and Brimbank. It offers support and direction to new and emerging businesses in marketing, financial, planning, banking and other legal matters. This free and confidential service is funded by the Australian Government.

To book a free appointment call:

03 9094 3008

For more information visit:

www.kangan.edu.au/bec

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