



# COMMUNITY ENTERPRISE CONNECTIONS

## Welcome to Community Enterprise Connections

Welcome to the 6th Edition of Community Enterprise Connections. We're pleased to trial a new approach to provide food for thought and generate some debate in the field. We have invited contributions from a range of people working in the enterprise arena.

This edition features a number of contributions, with two considering social inclusion and the social economy. **Alan Greig** from The Mercury Centre presents

their approach to social inclusion through a model of enterprise that promotes employee ownership and economic empowerment. **Dr Jo Barraket**, University of Melbourne, reviews the definitions that have developed around the social economy and the possible implications for policy and practice. **David Rako**, Environmental Consultant, provides a reflection on the growing trend of local recycling initiatives and the part-

nerships that support them through local government and **Sharon Bond**, BSL Research and Policy staff member, summarises the evaluation of the CEDI program, with some key learnings and recommendations from the process.

We welcome your comments on the new format or feedback on the articles, as well as contributions you may wish to make to future editions! Happy reading—The CEDI Team.



Brotherhood of St Laurence

Working for an Australia free of poverty

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## Community Recycling Enterprise—David Rako

**David Rako, Principal at DJR Environmental, is an environmental consultant with over 18 years experience on environmental and sustainability projects for a range of clients.**

The recycling of items that previously sent to landfill has been around for decades, with landfill operators diverting from landfill items that generate income such as steel, copper and brick goods. This has been generally on an ad hoc basis. As the cost of developing and operating landfills has risen; and with a reduced number of landfill sites across the State, landfill operators have identified that recovering items of value from the landfill they extend the operational life of the landfill.

Over the past decade a number of landfill operators have allowed a range of community and not-for-profit organisations to establish recycling enterprises at their sites. This provides a win-win situation for the landfill operators, they extend the landfill life and get a green tick for being envi-

ronmentally conscious and assisting local groups. These groups have developed into businesses that not only provide the environmental benefits but also play an important social role in providing employment for people with barriers to employment. Many of these groups have also gone beyond just recovery of items to providing training courses in a range of related skills such as welding, sheet metal work, degassing fridges, customer service and repairs. It has also provided key opportunities to generate partnerships with local government, community groups and private industry. Enterprises range from a local community groups coordinating the recovery and on-selling of cardboard from a landfill, to community recycling enterprises providing the full range of services at a landfill with staff recovery services covering all recyclables, repairing items for re-sale and operating a recycle goods store on site. The level and type of services will depend on the

community group resources and the size, location and type of landfill. If you are a community group looking to approach your local landfill and/or transfer station some things to consider are: The materials recovery opportunities; The end markets for materials generating rebates i.e. steel, cardboard, copper, etc; If the local Council would be interested in discussing support programs; What funding assistance programs exist for community recycling enterprises from Federal and State Government Agencies; Knowing your markets, what are the true costs of recovering the recyclables compared to their value on the open market place; Building links / partnerships with local recycling agents and the key major recycling companies as their rates for goods may vary greatly; and Keeping informed of local community and state government sustainability targets and recycling targets.

*"....these groups have developed into businesses that not only provide the environmental benefits but also play an important social role in providing employment for people with barriers to employment..."*



## Social Enterprise and Social Inclusion—Alan Greig

Alan Greig is a Director of The Mercury Centre, which provides education, training and development support for co-operative and other ventures, with a focus on ownership issues.

The debate now occurring on the role that social enterprise can play in social inclusion centres on whether “ownership and participation” by stakeholders in social enterprises assists social inclusion. This builds on evidence from social enterprise ‘best practice’ overseas which indicates that a new element needs to be introduced into social enterprise in Australia - that of “economic empowerment”.

For example, the winners of the “Social Enterprise of the Year Awards” for 2006 and 2007 in the UK were both for profit, stakeholder owned companies:

In 2007 - Divine Chocolates Ltd - a private company with an innovative ownership structure, being part owned by a Ghanaian farmers cooperative and a number of fair trade agencies, including an NGO, a private foundation, a charity, a public company (The Body Shop) and the employees. Profits are distributed to the Ghanaian farmers. The enterprise has

been so successful that it has recently attracted investment from an international finance institution.

(www.divinechocolate.com)

In 2006 - Sunderland Home Care Associates - a private company owned by an employee benefits trust (or an Employee Share Ownership Plan as it is known in Australia). This success story can be seen in the recent report “Sharing and Caring: The Co-owned Route to Better Care”. The “Foreword” to this report by the UK Minister for Social Inclusion highlights the issue of “ownership and participation” and how it changes people’s lives and grows communities both economically and socially.

In Australia, a view of “community building” seems to be encouraging social enterprises to concentrate on a narrow band of social ventures that focus on the social welfare of their participants rather than their economic empowerment. The latter aspect can sometimes be an overlooked social enterprise objective and is one that the new Australian Minister for Social Inclusion, Julia Gillard seems keen to address (see her speech “The Economics of Social Inclusion”).

What do these two ‘best practice’ examples mean for building social inclusion and social capital? The key to social capital is building trust within communities. Social enterprises can build social capital via providing a financial stake in the enterprise for employees. A stake in the system builds faith in the system. Increasing faith - that things are going well and that you are ‘included’ - builds trust and participation, in the social enterprise concerned and in the wider community. Social capital can be built in quite significant ways as is being shown in these financially successful social enterprises.

Unfortunately, many community development advocates in Australia see social capital in an adversarial relationship with financial capital, rather than complementary to it. It is clear that you can build both social and financial capital together with genuine social enterprise development. Those involved in social enterprise development should focus on broadening “ownership and participation” in their projects as an important means to building social capital and creating wealth.

## Feature: The third sector and social inclusion? Defining the social economy - Dr Jo Barraket

Dr Jo Barraket is a Senior Lecturer at Melbourne University in the Centre for Public Policy, specializing in social policy. Jo has work on a range of projects in a range of policy areas including social / community enterprise, wellbeing and community festivals, and the sustainability of the Victorian community sector.

In recent months, the Rudd federal government’s new social inclusion agenda has stimulated a range of public discussions about the role of civil society in supporting social and economic participation, particularly for disadvantaged individuals and communities. From ministerial speeches, to the national 2020 summit, and a range of public forums, the role of collective organisation in social and economic life is under the spotlight. Along with this renewed attention, we are hearing political leaders and other public commentators adopting a relatively new language for understanding the work of civil society, as the ‘third sector’ and ‘social economy’.

The ‘third sector’ refers to the combination of nonprofit, cooperative and mutual organizations which form a sector distinct from the private (first) sector and government (second) sector. ‘Social economy’ is sometimes used interchangeably with the

third sector; yet in Australia and internationally it has come to mean a range of different things to different people.

Recently, the “social economy” term has gained popularity in Europe and Canada as part of welfare reform debates that give an increased emphasis to the role of the not for profit sector in providing social services, creating employment, and responding to geographic disadvantage.

To complicate matters a little further,

current uses of the term ‘social economy’ include both broad and narrow applications. The broad, and dominant, application - which includes the way ‘social

economy’ was first coined by Mark Lyons in Australia - uses ‘social economy’ to describe the economic impact of the third sector. The purpose of this application of the term is to challenge traditional understandings of the economy as operating only within the private and public sectors. In practical terms, this broad application has been taken up in studies, such as those conducted by Mark Lyons and Susan Hocking, that measure the full economic impact of the third sector, in-

***“...as social innovation involves finding new responses to complex social challenges, the social economy increasingly operates both within the third sector and across boundaries between third sector, government and business.”***

cluding the economic value of volunteering, the amount of employment created and value of services provided by this group of organisations. Based on this research, we know that in June 2000, the Australian third sector comprised around 700 000 organisations, employed over 600 000 people, and mobilised over 600 million volunteer hours, making an overall contribution of 4.7% to Australia’s (adjusted) Gross Domestic Product.

The narrower application of the concept of ‘social economy’ refers to a distinct subset of the third sector known as social and community enterprises; that is, third sector organizations involved in market trading. This narrow application of the term is typically used to describe and promote the role of third sector organisations explicitly concerned with using economic vehicles to achieve social objectives; it has become popular in policy language in Canada, as well as being used by some researchers in the UK.

Both these narrow and broad applications of the social economy terminology emphasise the contributions of third sector organizations to social and economic life.

## Feature: cont'd

However, recent debates about the social economy, social innovation and social solidarity have begun to challenge the idea that the social economy operates only within the third sector. Some observers have suggested that, as social innovation involves finding new responses to complex social challenges, the social economy increasingly operates both *within* the third sector and *across* boundaries between third sector, government and business. This idea of the social economy is consistent with the growing international 'social solidarity economy movement', which is less concerned with demarcating the activities of particular sectors and more concerned with the range of redistributive economic activities that are driven by social and ethical objectives

in all sectors. The social solidarity economy includes, for example, private sector businesses that are run on the principles of fair trade. In Europe, where the language of social economy is in common usage, practitioners use the term 'social economy' in this more fluid way. However, it also raises questions about where to draw the line between economic activities driven by a strong social purpose and, for example, slick social marketing for the purposes of increasing profits for owners and shareholders.

Some are highly critical of the adoption of the term social economy, arguing that it unfairly presents economic exchange as the only way of interpreting our social interactions in the world, and because it reduces the contribution of

the third sector to economics alone. Others are enthusiastic about this use of terminology because it highlights the significant economic contribution of the third sector. Still others are hopeful that the idea of 'social economy' and 'social solidarity' present new opportunities to debate and put into practice an alternative economics in support of an inclusive society. It is early days for the use of this terminology in Australia.

It will be interesting to observe over the coming years whether this shift in rhetoric will take hold and, if so, if it will result in changed practices amongst third sector practitioners, governments and the wider sphere of individuals and organizations involved in social innovation.



## Community Calendar

**16-17 June, Communities in Control conference, Melbourne**

The Community Challenge: Building political, environmental, social and economic pathways towards true social inclusion

For program and registration details, visit [www.ourcommunity.com.au/cic2008](http://www.ourcommunity.com.au/cic2008)

**21 June, Food and Thought MELA, Hamilton**

Food, community and the future. More information at: [www.communitysustainability.info/events/FoodandThought2.html](http://www.communitysustainability.info/events/FoodandThought2.html)  
Registrations contact, RMIT: 5572 0513

**26 June, Community Food Enterprise Forum**

See enterprise news overleaf....

**18-20 August, Sustainable Economic Growth for Regional Australia Conference, Albury, NSW**

For program and registration details, visit [www.segra.com.au](http://www.segra.com.au)

**1-3 September, Social Accounting and Audit Training, Sydney**

With John Pearce, Chair, Social Audit Network UK [www.socialauditnetwork.org](http://www.socialauditnetwork.org)  
Registrations through Social Alchemy—contact Matt Jones 0438 007 770 / [matt.jones@socialalchemy.com.au](mailto:matt.jones@socialalchemy.com.au)  
Registrations close 8 June.

**15–16 October, 2008 Partnerships for Social Inclusion**

Centre for Public Policy, University of Melbourne. Further details available at: <http://www.public-policy.unimelb.edu.au/conference08/index.html>

## Community Enterprise Development Initiative Evaluation -

An evaluation of the CEDI was conducted in the second half of 2007.

The CEDI 2006–07 program involved extensive community work to identify stakeholders and assist in developing enterprise concepts, funding applications, feasibility studies and enterprise set-up. The initiative also provided an information service and a resource manual while the Advisory Committee sparked two new research projects. The third component of CEDI was network development via a quarterly bulletin, website and the 2007 Community Enterprise Conference.

The evaluation provides details on enterprises that have undertaken planning, commenced operations and the extent of employment, training opportunities and turnover that has been generated in local Victorian communities over

the last 3 years (including the pilot program in 2005). The program has had particular impact in drawing stakeholders together and building local enterprise planning capacity. Recommendations include:

*For the delivery of community enterprise programs:*

- Distinguish between programs designed to educate / build capacity and those providing direct assistance to enterprise-ready communities.
- Create two-stage funding process for planning and start-up grants, linking to alternate funding sources.
- Establish greater links to the business community, consider forming a business advisory group. Link initiatives to business and industry mentoring.
- Establish / document a process for identifying a lead agency with contin-

gency plans when this is not possible.

*For government:*

- Establish an independent development body to undertake strategic development, advocacy work, communicate information about sustainable models and best practice, and provide networking opportunities.
- Advocate greater federal government investment in CE with coordination through a Community Enterprise Unit.
- Advocate a social procurement policy at local, state and federal levels, and in the business community. Present options for investment in community enterprise.

Visit the report: [http://www.bsl.org.au/pdfs/Bond\\_Growing\\_community\\_enter-](http://www.bsl.org.au/pdfs/Bond_Growing_community_enter-)

## Community Enterprise news

### Food and enterprise

The **Community Enterprise Development Initiative** has compiled a discussion paper which aims to investigate the likely support for a **Wholesale Food Security Community Enterprise** (WFSCE) as a means to deliver a range of food security and other social outcomes. The discussion paper has been distributed to a range of agencies for comment and will culminate in a broad paper capturing feedback. A forum will be run on **Thursday 26 June** to report on the discussion paper and to bring together people working on community food enterprises (more details will be forthcoming). If you're interested in receiving a copy of the paper or attending the forum, please contact Pablo Gimenez at CEDI, BSL on 9445 2411 or [pgimenez@bsl.org.au](mailto:pgimenez@bsl.org.au)

### Enterprise expertise

Do you have business planning skills and

experience / knowledge of the community sector? The CEDI team is always looking for appropriate expertise to support community enterprise projects. To register on our enterprise services database, submit your CV to Annie Major at [amajor@bsl.org.au](mailto:amajor@bsl.org.au)—feel free to call for further information on 9445 2410.

### Community Enterprise Catalyst

The Victorian State Government recently announced funding for a community enterprise catalyst—a body that would provide resources and support to communities undertaking enterprise projects. More details will be forthcoming.

### CEDI 2008 Information sessions

CEDI is working closely with Community Renewal and Neighbourhood Renewal Programs to run information sessions outlining the 2008 / 09 program in May. This is occurring across 20 different communities in Victoria. For further informa-

tion, please contact Annie Major on 9445 2410 or [amajor@bsl.org.au](mailto:amajor@bsl.org.au)

### Employee Share Ownership Plan

The Mercury Centre is a member of the Australian Employee Ownership Association (AEOA - [www.aeoa.org.au](http://www.aeoa.org.au)). The Centre has an ESOP business model available, similar to the Sunderland Home Care Associates example quoted above. This trust based alternative business structure is suitable for any collaborative enterprise or social business considering cutting their employees into the ownership of the business. Contact The Mercury Centre if you are interested in further details. ([www.mercury.org.au](http://www.mercury.org.au))

### Funding!

Community Participation Scheme—VicHealth, due 28 May. Details on: <http://www.vichealth.vic.gov.au/cps/>

## 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 to interesting enterprise work in Australia and beyond. If you have any comments or suggestions about this newsletter, please contact Annie on 9445 2410 or [amajor@bsl.org.au](mailto:amajor@bsl.org.au).**

## Practitioners Toolbox

### Australian links

**Community Enterprise Connections** For community enterprise news, resources, links and contacts. The Community Enterprise Resource Kit and DVD (including 5 community enterprise case studies) is also available to download or order from: [www.communityenterprise.org.au](http://www.communityenterprise.org.au)

**Small Business Victoria** Online resource to help start, run and grow small businesses [www.business.vic.gov.au](http://www.business.vic.gov.au)

**Small Business Mentoring Service** An independent, not-for-profit organization providing experienced volunteer business mentors and coaches to Victorian businesses [www.sbcs.org.au](http://www.sbcs.org.au)

**Cooperative News** is a forum for social commentary, news and events, industry

features, case studies and profiles research papers and reports.

<http://www.business.uts.edu.au/cacom/news/cccenews.html>

**Australia Employee Ownership Association** A website dedicated to association members and visitors that are interested in employee ownership issues [www.aeoa.org.au](http://www.aeoa.org.au)

**Social Firms Australia** Social Firms Australia is a not-for-profit organisation developing social firms in Australia to improve the quality of life as well as the social and economic integration of Australians living with a psychiatric disability.

### International links

**Social Enterprise Journal** Produced by Social Enterprise London, the journal discusses complex issues relating to social enterprise.

<http://www.sel.org.uk/journal.html>

**Enterprise Solutions Awards** A website highlighting UK's best social enterprises—some great case studies and links available on this site.

<http://www.enterprisingsolutions.org/>

**Social Enterprise Mag** An email subscription service from the UK. [www.socialenterprisemag.co.uk](http://www.socialenterprisemag.co.uk)



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