



IMPACT

magazine

Australian
Council of
Social Service

3rd Edition - December 2010

Social Enterprises and the Community Sector



*driving social
innovation*

or

*neoliberal co-option
of civil society*

The Pros and Cons of Social Enterprise

Mission Australia:
Big Heart Enterprise

The Big Issue:
Women's Subscription
Enterprise



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Locked Bag 4777

Strawberry Hills, NSW 2012

Tel 02 9310 6200

Fax 02 9310 4822

Email: info@acoss.org.au

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For social good or social change? Social enterprise and the community sector

Dr Tessa Boyd-Caine - Senior Policy Officer, ACOSS

Social enterprise: an enterprise established using a business model to deliver services for the purpose of providing a social benefit, rather than to provide a profit

Social enterprises are organisations that use market-based strategies to achieve a social purpose. They range from non-profits using business models to pursue their mission, to for-profits whose primary purposes are social. Their aim is often referred to as the 'triple bottom line' as they seek to accomplish targets that are social and/or environmental as well as financial.

Many commercial businesses would consider themselves to have social objectives, but social enterprises are distinctive because their social or environmental purpose remains central to their operation. Some of the best known examples of social enterprise in the community sector include Vinnies and Salvos stores, and the Indigenous employment programs run as Community Development Employment Projects.

With the Productivity Commission finding that governments routinely fund only 70% of the cost of the

services they contract to the sector (PC 2010), community organisations have increasingly sought ways to diversify their funding base. Social enterprises are one of a number of models that community organisations may pursue to this end. They are increasingly attractive to corporate interests seeking to support the sector.

For instance, companies see social enterprise as a way that they can share their financial or business knowledge with the sector, over and above avenues such as employee-giving or corporate donations. Much of the discussion of social enterprise by not-for-profits (NFPs) has also focused on its potential for sector development, such as in developing markets for NFPs to access debt and financing options (PC 2010).

Governments are also attracted to social enterprise, particularly if they perceive that market-based approaches might improve the contribution of the not-for-profit sector and simultaneously reduce the need



“With the Productivity Commission finding that governments routinely fund only 70% of the cost of the services they contract to the sector, community organisations have increasingly sought ways to diversify their funding base”

for long term funding support. A good example here is the Jobs Fund, an initiative during the Australian Government’s economic stimulus package that was ‘designed to maximise job and training opportunities in local communities.’

The Jobs Fund explicitly encouraged proposals that were enterprise based, in part because this funding was limited in time (being only available for the period of the stimulus) and each proposal needed to be sustainable (DEEWR 2010a). Also in DEEWR, the Social Enterprise Development and Investment Fund involves a \$20million ‘specialised investment fund providing financial products and encouraging capacity building for social enterprises in Australia’ (DEEWR 2010b).

As the peak body for community services and a voice for the needs of people affected by poverty and inequality, ACOSS develops policy and advocates for structural reforms to public policy. Our mission is one of

social change. Yet increasingly when we raise issues of structural disadvantage or failures of social policy, the opportunities that lie in social enterprise are raised as a possible solution. This response indicates the particular currency of social enterprise (notwithstanding their long history in the community sector, as Jo Barraket points out in this issue). It also indicates the growing interest in social enterprise as a vehicle for innovation and freedom from government requirements (and independence from government funding).

Social enterprises have the potential to unlock innovative approaches and activities that fall outside traditional welfare models, such as in employment services. However there are also some clear tensions between market-based mechanisms (which underpin social enterprise) and genuine inclusion for those who are marginalised from mainstream structures. For example, social enterprises providing employment

opportunities may need to employ less disadvantaged people in order to meet their business objectives. They may not have the capacity - nor the intention - of breaking the cycles of disadvantage that ensnare many Australians living in poverty. Social enterprises are not necessarily alternatives to the long term responses that are needed to combat poverty; nor are they necessarily a remedy for governments trying to relieve the pressure to develop and fund effective social programs to combat disadvantage.

Nevertheless, social enterprises have a growing place in the work of ACOSS members and in their strategies for supporting low income Australians. Our membership includes many community organisations that are already engaged in social enterprise; and many more who are investigating the possibilities it presents. Within the sector there is a growing familiarity with business strategies and a willingness to apply them. There may also be a sense that some non-profit

organisations are stagnating or becoming less responsive to the needs of their clients, prompting individuals and small groups to create their own responses to perceived need.

Governments are similarly engaging with what social enterprises can tell them about social policy. The Department of Employment, Education and Workplace Relations notes that the feedback and contributions to its Australian Social Innovation Forum ‘OnIMPACT’ “will be used by DEEWR to shape future policy that will provide more effective support to the sector” (DEEWR 2010).

ACOSS dedicated this edition of Impact to social enterprise to help us consider how we should include new social enterprise organisations and social entrepreneurialism in our work, particularly in response to some of the traditional notions of ‘welfare.’ This issue contains articles from a number of community organisations about their involvement with social enterprise, including ACOSS member Mission Australia and from The Big Issue. The practical experience of engaging in social enterprise is contextualised by Associate Professor Jo Barraket, of the Australian Centre for Philanthropy and Nonprofit Studies, who draws on her extensive body of research on this subject to explore the value of social enterprise and its place within Australia’s community sector.

We also hear from former politician Cheryl Kernot who is devoting this chapter of her life to this fast growing field, and is the first Director of Social Business at the Centre for Social Impact, a collaboration between the business schools at UNSW, Melbourne Business School, Swinburne University and UWA. She was previously Director of Teaching and Learning at the School for Social Entrepreneurs in London and a Program Director at the Skoll Centre for Social Entrepreneurship at Oxford University.

This edition of Impact is the start of a conversation that ACOSS hopes to continue with our membership, including at events such as the forthcoming ACOSS National Conference (29-30 March 2011, Melbourne).

Dr Tessa Boyd-Caine is a Senior Policy Officer for ACOSS.

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“Social enterprises have the potential to unlock innovative approaches and activities that fall outside traditional welfare models ... however there are also some clear tensions between market-based mechanisms and genuine inclusion for those who are marginalised from mainstream structures”



Time for informed debate on pros and cons of social enterprise

Dr Jo Barraket - Associate Professor, Australian Centre for Philanthropy and Nonprofit Studies, Queensland University of Technology

“Social enterprise is also very much a part of European Australia’s national story ... our wide geography and relatively sparse demography have encouraged community-led solutions to local problems”

The idea of social enterprise as a mechanism by which we can generate new solutions to complex societal problems has garnered increasing attention in recent years. In the Australian policy context, there has been a particular emphasis on social enterprise as a means of generating employment opportunities for those disadvantaged in the labour market. Yet, social enterprises – that is, organisations that exist for a public or community benefit and trade to fulfil their mission – are much more widely represented in Australia’s economy and society.

Although social enterprises are diverse in their structure, purpose and business activities, they are variously engaged in: creating or replacing needed services in response

to government and market failures; creating opportunities for people to participate in their communities; modelling alternative business structures through democratic ownership; and generating new approaches in areas of contemporary need, such as alternative energy production and waste minimisation.

Our recent research, *Finding Australia’s Social Enterprise Sector* (Barraket et al. 2010), which we conducted with Social Traders, found that social enterprises are predominately run by not for profit organisations, operate in every industry of the Australian economy, and serve a very wide variety of missions.

Contrary to popular rhetoric that social enterprise is a new phenomenon, the research

also showed that the sector is mature, with more than 60% of participating organisations in our survey indicating that they were more than ten years old.

This is consistent with the only available international data – from the Johns Hopkins Comparative Non-profit Research initiative in the late 1990s (The Center for Civil Society Studies n.d.) – which found that Australia’s not for profit sector was highly enterprising, ranking fourth in the world on the component of its income derived from fees and subscriptions.

Social enterprise is also very much a part of European Australia’s national story; as a traditionally agricultural economy, consumer and producer cooperatives have played an important role in our wellbeing, both nationally and at the level of particular regions and communities. Our wide geography and relatively sparse demography have encouraged community-led solutions to local problems and, throughout this country, there are examples

“Debate about the value of social enterprise has varied from those who proclaim its wonder with almost evangelical fervour through to those who decry this activity as neoliberal co-optation of civil society.”

of community owned hospitals, medical centres, pubs, newsagents, supermarkets, and tourism businesses.

Although social enterprise is not new, we are now beginning to see a revival of more traditional models of social enterprise as well as the emergence of new ‘profit for purpose’ businesses established by individual social entrepreneurs and new community groups. Some, but not all, of these new approaches, take advantage of the ‘one click design solutions’ made possible through online technologies to create new social business presences.

Debate about the value of social enterprise has varied from those who proclaim its wonder with almost evangelical fervour through to those who decry this activity as neoliberal co-optation of civil society. In my view, the reality is both

more complex and more nuanced than these poles of the debate suggest. Part of the complexity of current ideas of social enterprise is that they are, indeed, underpinned by divergent discourses. These include those that focus on ideas about: commercialising the not for profit sector; transferring responsibilities of governments to the community sector; creating new opportunities for social inclusion, particularly economic participation; generating social innovations in response to new challenges; and transforming (or, at least, reforming) market economies.

While government policy in Australia has, to date, focused fairly narrowly on the role of social enterprise in employment services provision, social enterprise practice is much richer and much more comprehensive than such policy would suggest. While there is no doubt that some aspects of the current social enterprise agenda more widely is underpinned by conservatising impulses to further professionalise and commercialise the not for profit sector, this is not the whole story. In the remainder of this article, I consider three different inflections of social enterprise that are particularly important to the community sector when considering its present and its future. Each of these has played out regularly



in my own research and in the available research literature.

First, the idea that commercialisation of some aspects of civil society activity is uniformly bad needs to be revisited. In a number of projects I have recently undertaken, grassroots community sector organisations have described the freedom they have created to expand and fulfil their missions by generating earned income streams that are not reliant on grants. This is not an argument for suggesting that there is, or should be, a market for all aspects of the community sector's work. There is not, and we continue to need different resource inputs – from government and philanthropic grants, to voluntarism and individual giving – to ensure the continuation of the diverse work of the community sector and the not for profit sector more widely. In some contexts,

however, social enterprise activity can enhance the impacts of the community sector by increasing its financial independence.

Second, there is often an assumption that social enterprises experience ‘mission creep’ as a result of having to attend to commercial imperatives while trying to fulfil their mission. There is some evidence in the international literature that it is indeed the case that social enterprises struggle to balance the fulfilment of their mission with their business objectives. Yet, in some cases, this tension can be a productive one, forcing social enterprises – or the not for profit agencies that own them – to reflect more actively on how they are responding to their mission than funded organisations for whom the fulfilment of mission is taken as being self-evident. While social enterprise operates on a spectrum, from those that are highly commercialised through to very grassroots initiatives that seek to model different approaches

“Demographic and technological changes are altering the nature of civic engagement ... the emergence of new forms of social enterprise is one manifestation of these changes”

to market exchange, I have regularly observed this productive tension at work, as organisations grapple with sustaining their businesses in order to fulfil their missions.

Third, it is important to recognise that some emerging forms of social enterprise reflect generational changes in the ways in which citizens participate in civil society. While it is poor practice to generalise attitudes to a whole generation, amongst the younger social entrepreneurs I encounter in my research work, I note that they are often highly ethical and deeply committed to their social purpose, as well as tech-savvy and creative. Amongst this group, some adopt social business options because they can, and because they feel a disconnect between their way of doing things and traditional community sector approaches. Why, for example, ask a committee of management to spend three months coming to a decision about a new idea when you can implement it yourself in under an hour? Demographic and technological changes are altering the nature of civic engagement. It is not yet clear how profound these changes will be; yet the emergence of new forms of social enterprise is one manifestation of these changes.

The issues cited above are not provided in support of the wholesale adoption of

“At the moment, social enterprise appears to have gained some symbolic legitimacy ... whether it produces better outcomes than other forms of social intervention – is yet to be demonstrated”

social enterprise. Rather, my point is that the complexity of this field and the discourses that underpin it create both conservatising and radicalising impulses within civil society. These impulses will only be harnessed or contested through critically informed debate of the possibilities and problems of social enterprise, and through well-developed evidence of its impacts, positive or negative. At the moment, social enterprise appears to have gained some symbolic legitimacy, at least amongst its proponents. As Raymond Dart (2004) has suggested, its practical legitimacy – that is, whether it produces better outcomes than other forms of social intervention – is yet to be demonstrated.

Dr Jo Barraket is Associate Professor at the Australian Centre for Philanthropy and Nonprofit Studies at Queensland University of Technology, and author of ‘Strategic Issues for the Not for Profit Sector.’



Local Government leading the way in supporting social enterprise

Joanne McNeil - Community Capacity Building Officer,
Social Enterprise, Parramatta City Council

Social Enterprise Sydney

In 2009 drawing on the learnings from the Parramatta Social Enterprise Hub program and the GROW (now Regional Development Australia) report Towards a Social Enterprise Strategy for Greater Sydney, Parramatta City Council seed-funded Social Enterprise Sydney (SES), collaborating with a small working group on the development of the concept. SES is based on the Social Enterprise London model and will be a practitioner-led and membership-driven social enterprise providing specialist services to social enterprises and key supporting stakeholders across the Greater Sydney Region. Seed-funding for the start-up phase is currently being sought.

Around Australia local government is showing increasing interest in supporting community based social enterprises, recognising the contribution the model can make to local social inclusion and community participation agendas.

Parramatta City Council in Sydney's west is leading the way in this area with its social enterprise capacity building program. This is the first program of its kind in Australia and has been in place since January 2007, well ahead of the explosion of interest that the social enterprise model is now attracting around the country.

The program includes a seed funding grant pool of \$75,000 per annum through its Community Grants program. The Social Enterprise grants program allows applicants to apply for up to \$10 000 per annum for one, two or three years. Nineteen social enterprises have been funded to date, a number over several years, and the current round will shortly enter the assessment phase.

Developing new markets and providing access to existing markets is a key way that the public sector can support social enterprise development. To assist with this the local council is also developing a Sustainable Procurement Framework to bring social, local economic and environmental considerations together in its purchasing policy and processes. It is anticipated that, over time and once fully implemented, this will assist with opening up new markets to social enterprise suppliers.



Centre for Social Impact, Foresters Community Finance and other project partners on the National Social Procurement project (launched in December 2010); and supporting a Churchill Fellowship study tour resulting in a report on how the public sector can support social enterprise development.



Others include: partnering with Social Ventures Australia and Allco Foundation to establish the three year Parramatta Social Enterprise Hub project (now complete); seed funding the establishment of Social Enterprise Sydney (see below); collaborating on bringing The Hub model to Sydney; and working closely with the School for Social Entrepreneurs.

Parramatta City recognises that supporting the development and growth of social enterprises assists it deliver on its wider strategy to build strong, vibrant communities.

Joanne McNeil is the Community Capacity Building Officer for Social Enterprise, Parramatta City Council.

For more information: www.parracity.nsw.gov.au/

Over the past four years the program has made a strong contribution to the development of the Australian social enterprise movement, recognising that the support provided through the local program needs to sit within an enabling context. In addition to funding, the program also provides a range of capacity building support to local social enterprises. This includes partnerships with The Westpac Group to provide carefully matched business mentors, and with The National Pro Bono Resource Centre and six legal firms to provide access to legal advice.

To date activities have included: partnering with The Centre for Social Impact on the Australian Social Enterprise Stories project; partnering with The





The Big Issue starts up Women's Subscription Enterprise

Danielle Bombardiere - The Big Issue

Women are given economic empowerment and the skills to change their lives and control their futures.

Every night there are more than 46, 000 women who are homeless in Australia. Many of these women have faced horrendous histories of abuse and neglect. And many have children.

Two years ago The Big Issue recognised this problem and went about finding a solution. While the Street Magazine Enterprise (whereby vendors sell The Big Issue magazine on the streets of Australia) is very successful, it primarily helps men - with only 10% of vendors being female.

Homeless women are often fleeing domestic violence situations and present with a far more complex range of needs than men; including safety and security or

HELPING HOMELESS AND DISADVANTAGED WOMEN ONE SUBSCRIPTION AT A TIME...

somewhere to leave their children while they work. Standing on a street corner selling a magazine is not a suitable option for many of them.

So with a dedicated team at The Big Issue working tirelessly for the past two years, June 2010 saw the launch of The Women's Subscription Enterprise - a new social enterprise that will provide work, training and pathway opportunities for disadvantaged women.

Subscriptions are sold to The Big Issue magazine through professionals so there is no pressure on the women to sell

and revenue is directed into the pockets of disadvantaged women, through provision of wages, training, mentoring and support.

With every 100 subscriptions, a disadvantaged woman will be employed to work as a Dispatch Assistant to collate, sort and insert the magazines for distribution every fortnight.

Women are given economic empowerment and the skills to change their lives and control their futures. As a stepping-stone, the program also provides work experience and skills to help prepare women for entry into mainstream jobs.

To find out more or to subscribe to The Big Issue magazine visit: www.thebigissue.org.au/womens



A community initiative of The Big Issue.

The WOMEN'S SUBSCRIPTION ENTERPRISE

From Living On The Streets To Helping The Homeless:
One Woman's Tale Of How She Turned Her Life Around.

Kirstie Papanikolaou - Vendor Support, The Big Issue



I have two dogs. I've also got three cats and two rabbits; one of whom weighs 12 kilos and swings on a hammock. I've got two kids, one husband and some great in-laws. I consider myself lucky. I've got a stable, supportive family, a job that I am passionate about and my own home. But it wasn't always like this.

My mother was a heroin addict and had me very young. Unable to cope with the responsibility of raising a child, my maternal grandmother decided to remove me from my mother's care and I became a Ward of the State. I spent the majority of my childhood in and out of foster homes and by the time I was a teenager I was living on the streets.

I think one of the worst parts about being homeless was having to deal with other people's prejudices. I remember going to a job interview when I was about

16; I was so excited! I'd gone over to my friend's house to borrow some clothes (they would have been better suited to a wedding but at least I tried), before traipsing across Melbourne for the interview. When I arrived (on time), the man who was interviewing me looked me up and down, bewildered. I don't think he was prepared for a teenage girl dressed in formal wear! I didn't get the job. That happened a lot to me while I was homeless. When I was in my late teens however my luck changed and I was offered a traineeship with The Body Shop.

Working for The Body Shop, and subsequently The Big Issue, completely turned my life around. I was given the opportunity to be part of something; to earn an income and given the chance to study. For the first time, I was given hope. I had the opportunity to learn in a safe and non-judgmental environment where I was treated exactly the same as any other staff member, my opinions were sought after, which was a great confidence boost for me.

I was given the opportunity to mix with the type of people I had never really associated with before, which helped me to mould myself into the kind of person I wanted to be. The Body Shop also taught me basic life skills like cooking and managing finances... things which a lot of people take for granted but essential

for living a normal and stable life. I believe that all you need to change your life is just one person who believes in you. One person, one bit of encouragement, one chance, is all it takes.

When Steven Persson, CEO for The Big Issue, initially spoke to me back in 2007 about the idea of starting a subscriptions service to The Big Issue magazine, where homeless women could work to fulfill the subscriptions, I knew from my own experience that this was going to be a program that would result in 'real' change for so many women right across Australia. To say I am excited about The Women's Subscription Enterprise is an understatement... I could not be prouder to be working with The Big Issue on this program and feel nothing but overwhelming pride and satisfaction at the incredible work everyone is doing to get it up and running.

My life, my success, my happiness is all a result of the support and opportunities I received from my traineeship with The Body Shop 16 years ago and I can't wait for other women to have the same chance at life.

Kirstie Papanikolaou has spent the past 14 years working for The Big Issue in Vendor Support.

After completing a traineeship for homeless youth with The Body Shop in 1996, Kirstie was asked to help launch The Big

Issue in Australia and has been an integral member of the team ever since.



**THE BIG ISSUE
W O M E N ' S
S U B S C R I P T I O N
E N T E R P R I S E**



Mars Hill Café

An initiative of Kevin's Mars Hill Café, the Mars Hill Espresso Carts aims to provide employment, job skills, life skills and mentoring to local youth and young adults in the Parramatta area. The goal of the project is to run a sustainable business that can fund more coffee cart projects with the same focus as well as helping to finance the activities of Mars Hill Cafe Inc. - the supervising organisation and founding project.

Kevin Crouse won Federal Government funding to launch the Mars Hill Espresso Carts. He has been able to employ three extra staff in 2010 and will have a further four staff positions and ten work experience positions available by 2012. The café won an award in 'Excellence in contributing to the community by a not-for-profit'.

www.marshillcafe.com.au

STREAT

Stop homelessness the delicious way

A STREAT café is a cluster of vending carts which serves street food and coffees to people in Melbourne. It trains and employs homeless and disadvantaged young people, providing them with a pathway to long-term employment in the hospitality industry. STREAT is the culmination of many years of dreaming, crafting, and refinement between the founders, Rebecca Scott and Kate Barrelle and is inspired by the ability of hawkers within South-East Asia to deliver the most amazing street food dishes from very basic, portable equipment.

STREAT is dedicated to providing a supported pathway to long term employment for young people who have been living on the street or at risk of being on the street. It combines wrap-around social support with industry training and employment opportunities in their street cafes.

www.streat.com.au





Australian Government

**Department of Education, Employment
and Workplace Relations**

The Australian Government Supporting Social Enterprise

The Australian Government recognises and supports social enterprise as an important vehicle for achieving positive social impact and innovation. The following are some of the recent initiatives where the Australian Government is partnering with others to build support and capacity for social enterprises.

The Social Enterprise Development and Investment Funds

The Government has allocated \$20 million as a cornerstone investment to seed the establishment of Social Enterprise Development and Investment Funds (SEDIF). This will be an important development to provide another mechanism for access to capital for social enterprises to develop.

The SEDIF is part of a broader Government agenda to contribute to the enabling environment and infrastructure from which to promote effective solutions to social challenges and encourage meaningful partnerships and innovative solutions.

The SEDIF is also aimed at stimulating investment for social as well as economic impact and introduce a range of investors to the social enterprise sector. The Government is seeking leverage of at least 1:1 for its investment from other investors seeking to contribute to social change.

Further information on SEDIF is available through a newly launched online forum [OnIMPACT](#) or by emailing socialinnovation@deewr.gov.au.

The Professional Partnership Project

The Professional Partnership Project matches corporate business assistance to social enterprises that aim to help disadvantaged Australians find training and jobs.

The project trials a new partnership between four key professional services firms – Deloitte, Ernst and Young, KPMG and PricewaterhouseCoopers – and the Government's Department of Education, Employment and Workplace Relations.

Support has been generously provided by the four firms in the form of pro-bono assistance to the value of \$1 million. Business expertise has been tailored to meet the needs and priorities of up to 30 individual social enterprises which received funding under Round 1 of the Government's Jobs Fund.

This initiative builds working relationships between Government, social enterprises and the four professional services firms, allowing them to share professional expertise well into the future.

adcorp04836



Mission Australia

Big Heart Enterprise: helping regional communities

Bill Dibley - NSW Operations Manager, Mission Australia

Mission Australia Big Heart Enterprise (BHE) was established in the Illawarra region 20 years ago to help raise funds and create training opportunities for youth in a local accommodation service. Over the years, Big Heart has expanded and now includes a range of business activities that achieve social, financial, and environmental outcomes within the local community.

BHE's core business is characterised by warehouse hubs supported by seven retail stores, selling new and second-hand clothing to a target market of low-income families. The new activities and funding streams that have been added in recent years include computer recycling, furniture recycling and refurbishment, electrical testing and tagging, and an on-line (eBay) sales program. The enterprise has been self-sustaining for well over a decade, and has grown to over \$3.5million in revenue in the 2009-2010 financial year.

At the core of the enterprise, and critical to its success, is BHE's large volunteer base.

The volunteers at BHE include general community members, Centrelink Mature Age volunteers, Work for the Dole participants, school and TAFE students on work experience placements, and people completing community service hours.

BHE shops are strategically placed in areas of particular disadvantage in the Illawarra, such as Bellambi, Warilla and Nowra. BHE shops sell new products alongside second-hand goods, and aim to provide a large product range at a low price. BHE shops have received over 220,000 visits in the past year.

BHE regularly donates goods to local community organisations for use within their services or for their clients. For example, the Wollongong and Warilla women's refuges have received furniture and other household items to assist clients transitioning out of crisis accommodation.

In November 2010, BHE officially launched a mattress recycling program; Soft Landings. Assisted

by a three year DEEWR Jobs Fund grant, Soft Landings uses an Intermediate Labour Market model to provide traineeships to long-term unemployed jobseekers from Aboriginal and Torres Strait Islander backgrounds.

Soft Landings works with seven trainees at any one time, assisting them to gain Certificate II qualifications while providing additional case management support. Soft Landings also has strong environmental objectives and is estimated that it will divert approximately 78,260 mattresses from landfill over the next three years; equating to 54,782 cubic metres of waste.

BHE has faced, and continues to face, a number of challenges typical of social enterprise particularly with regard to balancing the social and financial imperatives. Nevertheless, as the field of social enterprise continues to develop in Australia, long-standing enterprises such as BHE provide evidence of the range of social, environmental and economic outcomes that can be achieved.



Social enterprises driving social innovation

Cheryl Kernot - Director of Social Business at the Centre for Social Impact



In the past 25 years a significant shift has been taking place in the fundamental architecture of society, in the organisation of the social half of society. And it has been led by social entrepreneurs, society's change agents and pioneers of innovations that benefit humanity.

Social entrepreneurs are among a critical mass of people who have responded innovatively to the compelling evidence of the ever-increasing inequity in the way the planet's resources and opportunities are shared and to the rising environmental and health crises.

Instead of waiting for governments and the big institutions of the past to respond to the huge unmet social needs of our time, social entrepreneurs are demonstrating that there can be a different way of doing business: different starting points, different core purposes, a different attitude to profits and ownership; a different way of harnessing

capital market models, incorporating traditional business tools and strategies to achieve a social bottom line; adding social value alongside the traditional financial; adding "creative capitalism" to the suite of business options.

Rather than being driven to maximise profits for shareholders, social enterprises and social businesses reinvest their surpluses in the pursuit of the business's core social and environmental purpose. This is not a passing trend. It didn't take a world economic crisis to create social entrepreneurs – the passion to design solutions for the unmet need inherent in social market failures was already driving them. The current global economic crisis, however, offers a global opportunity to forge a new way forward; moving beyond the dichotomies of free or regulated, private or public to a more creative and fairer form of capitalism that includes social and environmental value and

"Stories of social enterprise and social entrepreneurship activity in Australia are largely un-documented despite their noticeable increase"

impact when assessing prosperity and freedom. And a new understanding of markets that involves reciprocity and common good.

From his experience as the co-founder of eBay, Jeff Skoll argues that social entrepreneurs see these problems as a call to action rather than a cause for despair. Social entrepreneurs are rebelling against the dominance of the belief –that the problems that surround us are so big that ordinary men and women can't make a difference. He says: "Some charities give people food. Some teach farmers to grow food. Social entrepreneurs have to teach the farmer to grow food, how to make money, turn it back over to the farm and hire 10 more people. They're not satisfied until they have transformed the entire food industry."

Stories of social enterprise and social entrepreneurship activity in Australia are largely un-documented despite their noticeable increase, mirroring documented overseas activity of the last 10 to 15 years. A collaboration between the Centre for Social Impact and Parramatta City Council seeks to address the gap in local material by producing a local publication, provisionally titled 'Documenting Australian Social Enterprise Stories', due for publication in early February.

The stories of thirty-one social enterprises at different stages of growth and development show the diversity

of activity that the social enterprise model covers. Those chosen for interview illustrate different trading market sectors, a variety of social, environmental and cultural purposes and different organisational forms. They include Infoxchange, which had its origins in 1988, Soft Landings (2010), The Big Issue, Biddy Bags, Food Connect, Goolarri Media Enterprises and Sorghum Sisters. All of the thirty one stores offer rich learnings in an Australian context.

The project aims to showcase how Australian social entrepreneurs are also pursuing new ways to harness capital market models, incorporating traditional business tools and strategies to address market failures in the social economy. Failures such as lack of affordable housing and rental accommodation for those on low incomes, access to fair finance, affordable child care, real employment opportunities for Indigenous and migrant Australians, the proliferation of oil-based



"Some charities give people food. Some teach farmers to grow food. Social entrepreneurs have to teach the farmer to grow food, how to make money, turn it back over to the farm and hire 10 more people. They're not satisfied until they have transformed the entire food industry."

plastics in landfill and barriers to the use of renewable power.

What is also changing is the response of the capital markets. We are witnessing the growth of social finance: venture philanthropists willing to trade off a higher rate of financial return for increased social impact; a social stock exchange in Brazil; a community share issue that has raised more than \$7.5 million from 1100 co-operative members for their community's (Australia's first) co-operatively owned wind farm in Victoria and a pioneering consortia of third sector organisations (Goodstart) successfully bidding for the purchase of the failed private sector ABC Learning Centres.

Because our governments have become increasingly risk-averse, social investors are stepping in replacing government's traditional role: providing the money and wearing the risk.

A social impact bonds pilot is currently underway in the UK trialling programs which reduce the prisoner reoffending rate, currently (as in Australia) running at 60 per cent within 18 months of release. If the programs, run by community organisation specialists, and financed by private/public social investment reduce the rate of reoffending by 7 per

cent over 3-6 years, there will be a return paid by government from savings made, of 7.5 per cent on the bond investment. Up to 13 per cent for higher agreed reductions. This first bond issue has raised \$16 million investment.

As in other countries we are witnessing an exciting cultural change: away from grant-dependent charities to innovative social-purpose income generation. Social enterprises and social businesses are driving social innovation across government, business and the third sector.

Associate Professor Cheryl Kernot is the first Director of Social Business at the Centre for Social Impact, a collaboration between the business schools at UNSW, Melbourne Business School, Swinburne University and UWA. She was previously Director of Teaching and Learning at the School for Social Entrepreneurs in London and a Program Director at the Skoll Centre for Social Entrepreneurship at Oxford University.

“...we are witnessing an exciting cultural change: away from grant-dependent charities to innovative social-purpose income generation”

The Centre for Social Impact

Based at the University of New South Wales in Sydney, CSI was established in 2008 with funding from a Commonwealth Government endowment of \$12.5 million. Its mission is to create beneficial social impact in Australia through teaching, research, measurement and the promotion of public debate. The Centre brings together the business, government, philanthropic and third (not-for-profit) sectors, in a collaborative effort to build community capacity and generate social innovation. It boasts among its ranks former well-known politician Assoc Professor Cheryl Kernot, and the former head of the Office of the Prime Minister John Howard, Professor Peter Shergold www.csi.edu.au

Social Traders was established in 2008 in Melbourne to encourage and support social enterprise development in Australia. Jointly funded by the Victorian State Government and a private philanthropic foundation, it funds research and raises awareness of the potential of social enterprise to deliver innovative and important social outcomes for the community. It supports the development of viable social enterprises by improving access to finance and markets. In September 2009 Social Traders launched its website which now serves as 'a must go to' resource for the flowering movement www.socialtraders.com.au.



The School for Social Entrepreneurs (SSE) Australia is a new nonprofit venture dedicated to identifying, developing and supporting social entrepreneurs and raising awareness and understanding of social entrepreneurship. Based on the highly successful SSE in the UK which has been operating for 10 years, SSE Australia runs year-long programs to support entrepreneurial individuals to establish effective, sustainable community projects and initiatives that meet social and community needs. SSE is non-academic and based on a 'learning by doing' approach. Students gain practical business and life skills that they can apply directly to their ventures.

Australian Social Enterprise Stories project

(see Cheryl Kernot article)

The Centre for Social Impact and Parramatta City Council are collaborating on a project to document stories of Australian social enterprises through a series of interviews focused around key themes. The interviews for this project are complete and a February 2011 publish date is anticipated. A diverse range of social enterprises has been included - different sizes, stages of development, legal forms, trading markets and social/environmental/cultural focus. The stories are descriptive in nature and seek to promote the voices of practitioners in the emerging Australian social enterprise movement.

The Social Enterprise World Forum was established in 2008 to provide an opportunity for social enterprise leaders and practitioners from around the world to collaborate in support of social enterprise development. To date over 1500 people have attended the annual world forums, these have been held in Edinburgh (2008), Melbourne (2009) and San Francisco (2010). The 2011 World Forum is being held in Johannesburg and the SEWF steering group is receiving expressions of interest for the 2012 World Forum to be held in Asia.





ACOSS News

Australian Community Sector Survey

ACOSS would like to thank all the organisations who have taken the time to complete this year's Community Sector Survey. The findings of the Survey will arguably be more important than ever with reform of the sector on the Government agenda and our ongoing equal pay campaign for sector workers.

The survey is a vital source of data on social services and client needs, and an invaluable resource for sector advocacy. Its success and credibility depends on the contribution of a large number of organisations, and there's still time for you to participate if you haven't.

The final deadline for completion of the survey is 17 December 2010.
Simply go to our website:
www.acoss.org.au/communitysectorsurvey



Emergency Relief Handbook

Look out for the new Emergency Relief Handbook due out in the new year. ACOSS has been busy updating the handbook for the sector with funding from the Department of Families, Housing, Community Services and Indigenous Affairs.

FaHCSIA will publish and distribute the Handbook in the first half of 2011.

For further information contact Emily Hamilton at emily@acoss.org.au or 02 9310 6204.



ACOSS National Conference

29 - 30 March 2011

Melbourne Convention and Exhibition Centre

SAVE THIS DATE

The 2011 ACOSS national Conference is an absolute must for anyone working, volunteering or interested in the social and community sector.

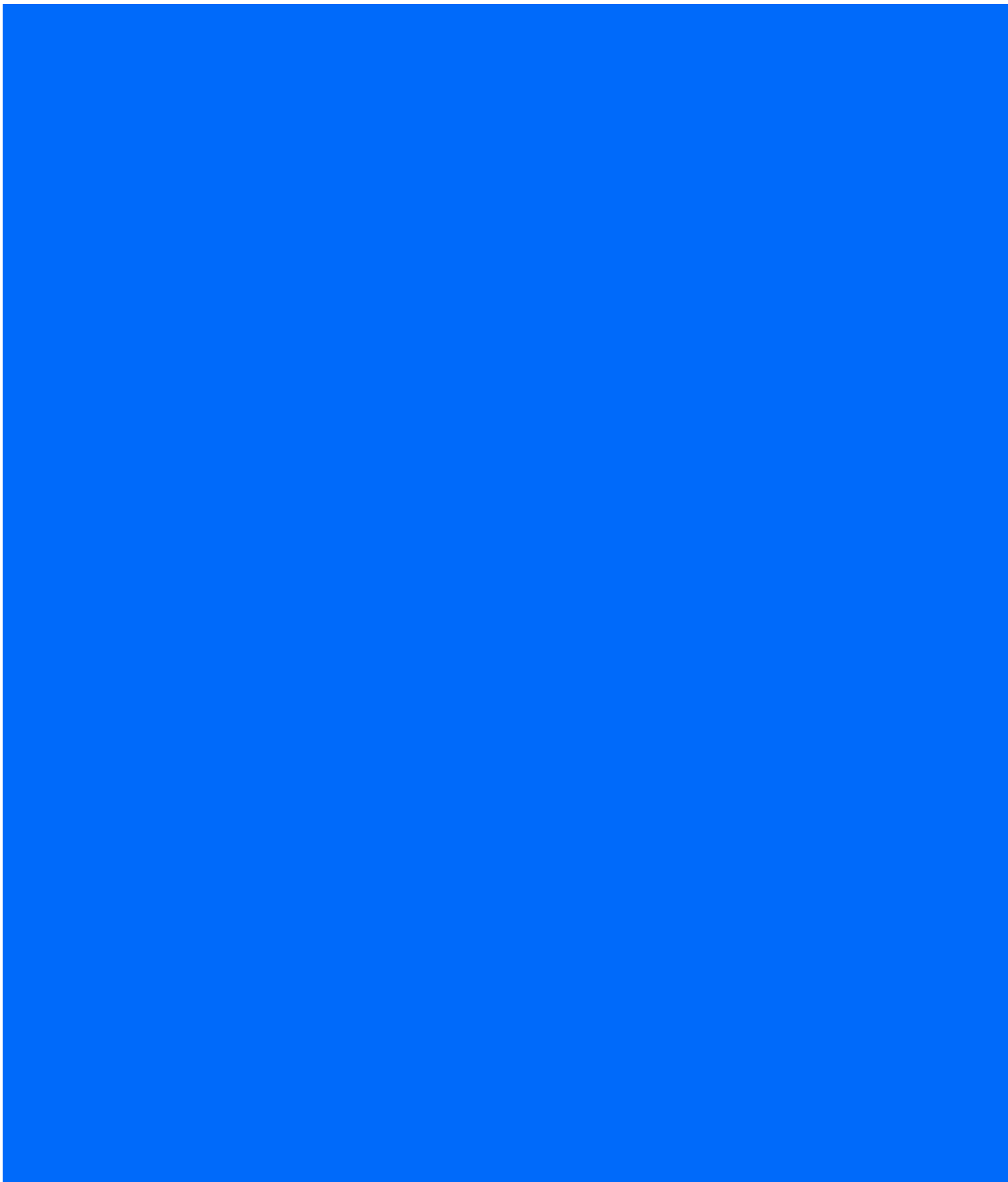
The annual conference is the major event for the sector, examining social policy from the perspective of low income Australians.

It promises to be one of the best conferences in recent times with a diverse lineup of researchers, policy makers, elected officials, and community organisation representatives from around the country.

Don't miss your chance to be there!

Registrations open

For more information visit
www.acoss.org.au/nationalconference



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