

## 2022 State election platform proposals

### ***Supporting strong, sustainable social enterprises in South Australia***

We have always been a socially progressive state, from the women’s first right to vote to leading on renewables, recycling and social policy reforms. In 2022 we can build on this by formally acknowledging our social enterprise sector, fostering its growth and creating real positive change for South Australians by working in partnership with our state government.

In 2021, the South Australian Social Enterprise Council (SASEC), the state peak body democratically elected in May, undertook in-depth consultation with our members and other leaders in the emerging social enterprise sector. Findings from over 42% of our members confirmed that there is a shared ambition to encourage and support social entrepreneurs to start, grow and develop their social enterprises and drive a positive impact in South Australia.



(SASEC 2021)

***South Australia’s social enterprise sector is still in its infancy. Unlike most other states and territories, our sector receives no state government support.***

This election, we want to see greater political leadership for the social enterprise sector so that we can demonstrate that doing good is good business. It should be a key priority to build a well-connected social enterprise ecosystem and harness its capabilities and contributions in tackling social challenges in South Australia.

Now is the time to invest towards a strong and sustainable social enterprise market in SA and our priorities will activate this objective.

## Why social enterprise support is a good investment

Social Enterprises are a growing sector and play a pivotal role in job creation and improving social and environmental issues. It is estimated there are over 20,000 social enterprises across Australia with 34% having been in operation for between 2-5 years. Industry bodies estimate that Social Enterprises make a total contribution of up to 3% of GDP, that's more than agriculture. Social enterprises play a key role in delivering social and economic outcomes, help to deliver inclusive employment growth through creating jobs and improving productivity.

There are good arguments for investing in social enterprise sectors as learned from overseas. International success shows that when both capital, in various forms (revenue plus government investment), alongside capacity building support programs, (to implement effective business models and impact evaluation frameworks), can set up a sustainable ecosystem for social enterprises to thrive. In the US, 22% of social enterprises have a turnover of more than USD \$2m, with 60% of them having been established since 2006. In Australia in other states where on average the investment has made on average has a multiplier rate of 1:3.

Social Enterprises are defined as trading businesses driven by a social cause. Whether it's reinvesting profits from product sales to tackle homelessness or creating employment opportunities for vulnerable communities, and everything in between. The support required to employ people facing barriers to work such as Indigenous, migrants, people with disabilities, older women and ex-offenders ensures their economic participation and improved sense of well-being.

## The opportunities afforded by a thriving social enterprise sector

Social enterprise is a vital part of what is sometimes described as the 'purpose' or 'impact' sector. SASEC uses the Australia-wide definition as developed in the FASES report in partnership between the Centre for Social Impact (Swinburne University) and Social Traders:

Social enterprises are organisations that:

- are led by an economic, social, cultural, or environmental mission consistent with a public or community benefit
- trade to fulfil their mission
- derive a substantial portion of their income from trade
- reinvest the majority of their profit/surplus in the fulfilment of their mission.

Using the power of the marketplace to solve the most pressing societal problems, social enterprises are commercially viable businesses existing to benefit the public and the community, rather than shareholders and owners. Social enterprise is a descriptive term for a range of businesses prioritising social goals, rather than a legal form in itself. In the Australian context, social enterprises take on a range of organisational legal structures, making it difficult to distinguish them from other organisations.

As such, in developing policy aimed to support social enterprises' sustainability, two assumptions should be made clear:

1. they should be commercially viable and not be solely reliant on government funding and donations; have demonstrated revenue generation/sales, and
2. they should not automatically be assumed to be not-for-profit organisations.

In shaping policy to support social enterprises, the challenge is creating a fair market to compete for service delivery. The role of state government should not be to provide hand-outs, but to build and support sustainable infrastructure that attracts social impact investment. This investment can be from private or philanthropic investors or payment on outcomes and social procurement policies by governments when delivering services that align to state responsibilities and priorities, ultimately generating cost savings for taxpayers.

There is a rich opportunity to grow a thriving social enterprise sector and contribute not only to the number of successful social enterprises emerging, but the nature of the social and environmental positive impact they create.

## **What we seek from government**

Investing in the following proposals will enable social enterprises to increase their social and or environmental outcomes, better document and assess genuine outcomes, and provide a clear social return on investment for achieving government priorities.

The role of the state government should be to prepare social enterprises for market opportunities as described in the endorsed federal government principles of social impact investment. South Australia has a role to play nationally and as the peak body SASEC can partner with you to achieve this ambition.

### ***Proposal 1. A commitment to developing a SA social enterprise strategy in conjunction with the social enterprise sector.***

We need the state government to commit to a formal strategy that will outline its interests and goals in building a stronger sector.

The SA social enterprise strategy should outline the role of government and its contribution to building the sector through investment support, policy development and the creation of a marketplace for goods and services across government, business and consumers.

Clear objectives on how it will partner with the sector are pivotal to ensure the emerging social enterprise sector has solid foundations to build a thriving sector. We need a strategy outlining future directions that will create jobs, develop skills and build the capacity of social entrepreneurs.

*Financial commitment:* SASEC seeks an investment of \$80,000 for the codesign of a consultation-led social enterprise strategy (aligning with current best practice)

### ***Proposal 2. Funding and support of SASEC to foster, grow and quantify performance monitoring of the social enterprise ecosystem and measure its growth and impact over time.***

We need foundational funding to:

- enable the social enterprise ecosystem to develop through shared learnings amongst social entrepreneurs
- map the ecosystem to capture a baseline and measure its future growth
- establish performance measures and a mechanism to report to the state government to assess and identify areas of priority investments.
- raise awareness of the goods and services social enterprises offer to the public and business
- highlight and celebrate the social and economic impacts they create

This is a significant and potentially transformative project that will be vital to fostering a strong sector here in South Australia.

*Financial commitment:* SASEC seeks a commitment of \$200,000 for this activity to be delivered over the next 2 years

***Proposal 3. Build the business and impact measurement skills of social entrepreneurs to contribute to the growth of social entrepreneurs and their social enterprises.***

The sector is keen to increase knowledge about building social impact businesses and measuring the social, environmental and economic impacts they create, however there are very few options to deliver this in South Australia. A dedicated stream of grant funding is required to deliver business modelling, growth and integrated and measurable impact models through capacity building training for existing and emerging social entrepreneurs.

*Financial commitment:* SASEC seeks an investment of \$250,000 to lead and coordinate a sector development plan to build individual and organisational capability thereby supporting independent revenue growth and competitive procurement.

***Proposal 4. Create a 'jobs fund' with payments linked to work-integrated social enterprises to achieve employment outcomes for people with employment barriers.***

Funding work-integrated social enterprises (WISEs) will deliver job outcomes for people facing barriers to employment and ensure the support required to sustain a person with challenges in employment. People most impacted include Indigenous people, migrants, people with disabilities, older women and ex-offenders.

*Commitment:* SASEC seeks the state government to actively allocate funding of \$3m towards a payment-by-outcomes (PBO) type framework whereby WISEs can apply and generate income while delivering measurable social impact through employment with people who face barriers to employment.

***Proposal 5. Develop a policy and social procurement framework to stimulate broad access to markets***

Through policy development across government departments, stimulate access to markets for social enterprise through a State Government wide social procurement framework. We also require the state government to lead in encouraging the local government sector, private business sector and help increase the visibility of social enterprise services and goods in consumer-led markets.

*Commitment:* SASEC seeks the state government to develop a SA state social procurement framework and facilitate education and upskilling across state government departments to actively engage social enterprises in supply chains.

***Proposal 6. Fund start-up and growth grants for social enterprises***

We seek government commitment to fund both start-up and growth grants. This could take the form of establishing a social finance fund to enable prototyped social enterprises the opportunity to grow, and as appropriate to develop their social enterprises based around funding they deem needed to enable growth.

*Financial commitment:* SASEC seeks the state government to allocate \$5M over the next 3 years to encourage social enterprise start-ups and support social enterprises to achieve sustainability. We also want to see the government help SA-based social enterprises to maintain their local base and scale nationally and internationally. SASEC would play an active administrative role in managing this fund aligned with the government's innovation agenda.

## The current snapshot of social enterprises in SA

SASEC is relatively young and grew from a network of like-minded social enterprise founders in 2019 to an incorporated body with its first democratically elected Board in May last year (2021) and is now formally constituted as an independent, non-political member-based peak body.

Our membership has grown since mid-2021 and we now have more than 80 financial members representing a workforce of some 450 employees and 400 volunteers across South Australia. While representative of the diversity of enterprises, this number represents only a fraction of the current market scale, with some large enterprises and divisions of not-for-profit organisations not yet represented in these statistics.

The SASEC board has a mission to promote and support the development of a thriving social enterprise sector in South Australia.

Our strategic plan has three key objectives:

1. Build a connected and economical social enterprise ecosystem and extend the capabilities of social entrepreneurs to be sustainable
2. Be the voice of the Social Enterprise sector and show expertise so that our voice is valued amongst different government, corporate and philanthropic stakeholders
3. Raise awareness and build an understanding of social enterprise across the broader community of the benefits of purchasing with social enterprises

In short, social enterprise investment delivers the perfect blend of social and economic impact.

### SOUTH AUSTRALIA SOCIAL ENTERPRISE COUNCIL

Our Journey in 2021

#### OUR SOCIAL ENTERPRISE MEMBERS

- 44% Companies
- 17% Sole Traders
- 39% Registered Charities



#### SOCIAL ENTERPRISE PEOPLE

- 76 Social enterprise members since membership opened in February
- 50% growth in membership since June
- 300+ employee
- 400+ volunteers



#### KEY IMPACT AREAS

- People experiencing exclusion
- Building people's capacity
- Employment outcome
- Improve the environment



#### OUR VISION

Our success will create positive social and economic impacts by supporting social entrepreneurs and enterprises with the tools and networks they need to thrive

Read more at [sasec.org.au/](https://sasec.org.au/).

## Working collaboratively to multiply the benefits

***Our mission is to promote and support the development of the social enterprise sector by actively contributing to the economic, environmental and wellbeing of South Australia.***

Most social enterprises are driven by sole traders starting out with big ambitions and the courage to put their money where their mouth is to solve a social problem. They need an industry body to advocate for a competitive business environment; create awareness, opportunities and increase the visibility of the benefits of buying for good; and facilitate access to networks, opportunities and an ecosystem of support to build their capacity, scalability and suitability to trade, create jobs and address our state's challenges.

Research recently undertaken by the Centre for Social Impact and funded through the Paul Ramsay Foundation found that the social enterprise ecosystems had many gaps, particularly for start-up and early stage social enterprises and this can play a vital role in supporting the ecosystem to grow.

Where strategy, policy, funding, and support of the peak body in states that were supported by their government, the growth and benefits have had greater results. Victoria's second strategy released reflected the results over the previous three years including a \$5.2 billion in economic impact, 60,000 jobs created and the establishment of 3500 social enterprises. SENVIC, the peak body in Victoria, played a critical role in building the capabilities of new social enterprises, measuring and creating the growth of their ecosystem and lifted the profile and visibility of social enterprises to broader markets. We learn from our counterparts interstate on what works effectively while ensuring the needs of local social entrepreneurs are met.

A well-resourced peak body for social enterprises will oversee the growth of both its members and the ecosystem. While taking a collaborative approach to the delivery of developing the skills of social entrepreneurs, we will ensure resources will be spent on creating sustainable social enterprises reflecting significant returns on investment.