SOCIAL ENTERPRISE
In Australia

An Introductory Handbook

Please read in full disclaimer, which can be found on the inside back cover of this book.

Social enterprise in Australia

Adelaide Central
MISSION

Contents

Part one: introduction

What is social enterprise?

Social enterprise is a means by which people come together and use market–based ventures to achieve agreed social ends. It is characterised by creativity, entrepreneurship, and a focus on community rather than individual profit. It is a creative endeavour that results in social, financial, service, educational, employment, or other community benefits.

What you will find in this publication

The terms 'social enterprise' and 'social entrepreneur' are quite new terms in Australia. However, Australians have always been both enterprising, and motivated by the desire to work together to meet collective ends. This publication has been produced as an introductory guide to social enterprise, partly to place the idea of social enterprise in context for today, and partly to provide a guide to the legal and organisational mechanisms that could form the basis of social enterprise activities.

The publication is a first attempt at providing a detailed guide and resource kit for social entrepreneurs. Future issues will become more comprehensive as knowledge in this field expands and as other resources are produced by various people in 'the movement'. If you have any feedback or information you would like covered in future issues, please contact us through the details on the title page.

The booklet is divided into three sections. Part one seeks to introduce social enterprise. It does this through putting some frequently asked questions to social enterprise pioneer Peter Thompson.

Part two looks at some organisational issues and particular forms of social enterprise. The section expands on points made in part one and describes what types of enterprise social entrepreneurs are seeking to achieve. Throughout this section we have provided local examples of social enterprises.

Part three is a resource handbook. In it you will find information on legal and organisational issues that can act as a starting point if you have an idea you wish to put into practice. This section also includes a glossary of terms that might help those who are struggling because of the lack of a common language around social enterprise and related concepts.

We hope you find this publication both helpful and inspiring. If so, we suggest you get active in the social entrepreneurs network of energetic and knowledgable people who can both inspire and perhaps be of assistance during the challenges we face in pursuing community goals.

Peter Thomson is a pioneer of the social enterprise movement. After studying at Oxford in the early 1970s, Peter put his study and ministry into action by creating a sense of practical community at Timbertop school, in the high country of Victoria, and St Mark's University College, Adelaide.

During his time in the UK, from 1996 to 2000, he built relationships that have assisted the social entrepreneurs movement, including becoming a part of the newly established Community Action Network, as well as being a friend to now British PM, Tony Blair, and other influential Australians studying at Oxford in the early 1970s.

In 2001, he was appointed as Chaplain to the Melbourne–based welfare and advocacy organisation, the Brotherhood of St Laurence. There he has worked with others to develop a social entrepreneurs network and to promote the concept throughout Australia, including establishing the first Australian Social Entrepreneurs Network conference, held in Sydney in March, 2001.

"...social enterprise ... is a bold attempt at redressing many of the issues that people who are marginalised in our society have, by building their confidence and their capacity to help themselves."

What's at the heart of the social enterprise movement?

Peter: It's people coming together for community benefit, with a focus on creativity and on taking an entrepreneurial approach. There is so much untapped energy and creativity out there. We need to bring that out, and convince people that they really can make a difference if they work together in partnership. The people who are doing that are the social entrepreneurs.

What's the difference between an entrepreneur and a social entrepreneur?

Peter: Most people think of entrepreneurs as people out to help themselves, often by ripping people off. Social entrepreneurs are the opposite of that. They are community focused, and want to turn their talents and ideas to good community outcomes for the common good.

What is a social enterprise?

While social enterprises take diverse forms, I think they share some clear characteristics. Firstly, a social enterprise exists to benefit the community. It's focus is on self–help, working together, creating opportunities for mutual benefit and supporting communities to build their own wealth. It does this by encouraging people to work together while assisting them to discover and fulfil their own potential. It behaves in a socially responsible and ethical way, and values people and communities over private profit.

Why do we need social enterprises? Aren't the many community organisations doing the job?

Peter: Well of course some are. There are many excellent community organisations, and some of these could rightly be described as social enterprises, or they at least have some aspects of social enterprise. But some are in danger of losing their way, and some may have been set up for a purpose that is no longer relevant or a high priority.

So has the environment for welfare agencies changed?

Peter: There is a fundamental shift occurring as we speak. Traditionally, welfare agencies have assisted those who are most disadvantaged, often with a focus on short–term assistance. Today, many are considering new ways of working to bring about long–term community benefits. Social enterprise and social entrepreneurs are part of that move towards community re-invention.

But isn't enterprise about business?

Peter: Yes, but social enterprises are businesses that are focused primarily on having a positive impact on the community and working with that community, rather than solely on making a profit for its owners/shareholders.

So is there a conflict between welfare agencies and social enterprise organisations?

Peter: No, there needn't be, because the two often contain elements of each other. The question for me isn't so much about the type of organisation, be it welfare agency or social enterprise, but rather how do we mobilise the creative talents that we have to address some of the most pressing social issues we see, and to do that we need each other.

What about the government? Shouldn't they be doing more?

Peter: While we have to hold governments accountable, we can't sit around and wait for issues to be addressed. We must also mobilise the talents of people. For example, the high levels of long–term unemployment aren't natural — we can do a lot about it if we have the will and the energy, rather than hoping for governments to fix it. Having said that, yes we do need government support.

But aren't governments more able to respond?

Peter: Historically, government involvement is quite recent. Throughout most of history, it has been collective action by citizen and church groups that have driven community responses.

For example, the cooperatives movement established industrial enterprises, insurance, retailing, and financial institutions, and these had a market focus. Those people were social entrepreneurs – they saw a community need, and the community resources that could be mobilised to meet that need.

What role can organisations play?

Peter: Organisations can help entrepreneurs to blossom or they can stifle them. This is something we need to consider for existing organisations, and for those that are set up in the future. The motto is 'people before structures'.

Are all social enterprises set up as cooperatives?

Peter: Many of them are, but I think any type of organisational structure can be successful as a social enterprise as long as it suits its purpose. For some purposes, cooperatives are the best form, for others an association may be best. The question is, what's the best way to achieve the community end you have in mind? However, whatever the organisations' forms, there are some things they must have in common. By their nature, social enterprises have a commitment to some basic values, such as participation, inclusion, enhancing people and building on people's strengths.

But surely that attitude doesn't mix well with a successful business?

Peter: That kind of thinking is the old way of doing business. If you want to achieve, you need cooperation, enthusiasm, mutual support and the kind of culture that draws on people's talents and abilities. Organisations that do business this way are the ones people really want to belong to, and do business with.

Are you saying a private business can become a social enterprise?

Peter: Actually, social enterprises are private businesses, although they are a particular kind of private business. But a business that is there primarily to make a profit for the owners is not a social enterprise, although it can operate in a socially responsible way. I think it's important to note that there are many opportunities for social enterprises to team up with socially responsible businesses in ways that will help them pursue their goals more effectively.

What type of industries could social enterprises be successful in?

Peter: I would say almost any, although some areas are particularly promising. Obvious industries include housing, some areas of manufacturing, environmental services that include recycling, regeneration and tourism, childcare and personal care services, and many areas of the arts and information industries.

What's happening with social enterprise in Australia?

Peter: It's an exciting time in the development of social enterprise in Australia. There has been a tremendous growth in energy and enthusiasm since we held the first national conference of the Social Entrepreneurs Network in 2001. The Federal Government has also got on board, with several of its initiatives now encouraging an enterprising approach by communities.

Do we have any examples of social enterprises here?

Peter: Australia has a substantial history of community entrepreneurship, we just haven't called it that. Many such organisations have grown so big that they've corporatised. For example, the cooperative movement for rural producers held a substantial slice of the Australian agricultural industry.

Is growth a problem for social enterprises?

Peter: Many social enterprises choose to remain small or medium–sized to make it easier for them to balance their social objectives with the business objective of being sustainable. However, at some point, many are faced with challenges relating to growth, and these need to be met without losing sight of their original social goals.

Finally, what else do people need to know about the social enterprise movement?

Peter: The movement is an inclusive one. It seeks to empower people with a renewed sense of hope and confidence and build the capacity for people to work in their communities. It's important that the language we use reflects this and helps to build a common bond.

Also, social enterprise is not a panacea that will resolve the failings of society or governments to address the issues of the disadvantaged. However, it is a bold attempt at redressing many of the issues that people who are marginalised in our society have, by building their confidence and their capacity to help themselves.

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to build their own wealth."

Part two: issues

The elements of social enterprise

There are three broad elements of social enterprise. Taken as a whole, these elements help identify what is unique about social enterprise.

Social enterprises exist to create benefits for a community. Often they exist because of very particular local circumstances, such as the withdrawal of banking services, or more widely spread social issues, such as the lack of employment opportunities for young people.

Social enterprise is built upon mutuality and self help. It is about people creating opportunities for themselves and others. Social enterprises therefore have a fundamental focus on the community. In turn, the whole community has a stake in the enterprise. A successful social enterprise has broad benefits, including: creating wealth, creating or retaining jobs in the local area, and increasing people's skills and capacity for employment.

The creation of wealth and opportunity for community benefit can only be done through sound commercial practices. Social enterprises are businesses. They need to be operated as sound businesses to provide the benefits which they are established for, and to be sustainable into the future.

"There is a commitment to the capacity of individuals and communities to help themselves. Social enterprises seek to empower communities and build social capital. ..."

Positive community impact

A commitment to include those who have been marginalised or excluded by society.
Social enterprises need to continually balance their social and economic aims. Many are mission driven in reaction to specific local social or economic issues, including withdrawal of services, unemployment and other community services.

A focus on the collective capacity of communities to generate wealth.
Social enterprises are founded on the concept of common purpose. In reaction to those people who have been marginalised, where others see problem individuals or problem communities, social entrepreneurs see opportunity and hope.

Collaborative community operation

There is a market–based 'business focus' that is viable and sustainable.
Social enterprises tend to be small to medium–sized enterprises. The use of business expertise and experience is a means to ensure services generated by the community remain for as long as the service is needed. Sustainability does not necessarily imply ever–increasing profit to satisfy investor shareholders.

Sale of goods or services.
Social enterprise operates within the context of the market–based economy. This principle requires an exchange of money for goods or services in a market place. A geographically specific enterprise may not be able to support its services unless a wider market is available.

Key stakeholders have a share in ownership.
Social enterprises are managed through a variety of ownership models and structures. While the board or trustees may be voluntary, the stakeholders have usually set up the project with the shared goal of providing employment for the disadvantaged and services to the community.
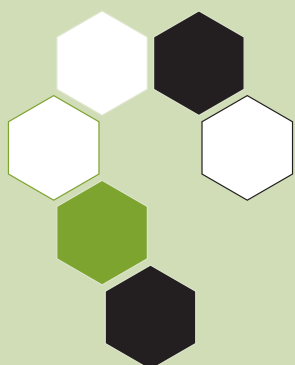
Micro–finance
Indigenous communities have different understandings of money than western communities. To ensure government payments to indigenous families can be used to accumulate savings, investments and greater prosperity for those families, the Family Income Management Scheme (FIMS) was set up. It is centered upon the traditional family structure within indigenous communities and the idea of families supporting each other. FIMS links families to community banking, enterprise development and social development. The idea for the strategy came from Cape York Partnerships and feedback with the Department of Family and Community Services.

Positive community aspirations

There is a commitment to the capacity of individuals and communities to help themselves. Social enterprises seek to empower communities and build social capital. They are community-owned ventures that often have a common bond. The principle of self help may be best explained in terms of a mutual finance society where depositors own the business and have the potential to influence the investment of that society in other local ventures.

Environmental sustainability.
Social enterprises acknowledge the need to care for the environment and seek to embrace the emerging 'ecological economy' as way communities can make a difference.

Fundamentally ethical operations.
Social enterprises are aware of their social and environmental impact. Many of their goals include ethical considerations and, because of their community ownership, they are responsible to their immediate membership.

"...where others see problem individuals or problem communities, social entrepreneurs see opportunity and hope."

Social enterprise challenges

Social enterprises are clearly businesses. They have all of the legal, financial, management, and development challenges that face any business. However, social enterprises also face a unique set of challenges that sets them apart from regular businesses. If these challenges are met successfully, it may give them an advantage over other forms of business.

The most significant challenges social enterprises face are: stakeholder participation, balancing key objectives, raising finance, and organisational growth.

Stakeholder participation

All organisations have multiple stakeholders, who have some control or influence over the way an organisation operates. Each stakeholder can affect the long–term success of the organisation.

Stakeholders of social enterprises include:
- community
- workers
- board or management group
- direct customers
- suppliers of goods and services
- finance or capital providers/investors
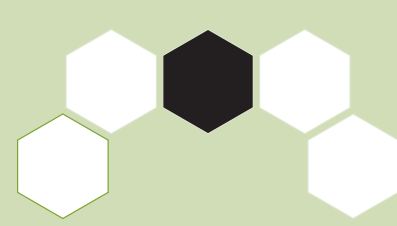- advisors
- partners
- regulators.

Community

The community that a social enterprise serves includes its customers, but is not limited to them. Communities come in all shapes and sizes. A community can be defined by a geographical area, such as a suburb or township. Or it can be defined by an interest, such as a community of parents whose children have special needs.

Each community is made up of its own unique geographical and interest dimensions. However, the most important element is people's sense of belonging to that community. This is determined by how much people identify with it - do they share common viewpoints, interests, purposes or goals?

Social enterprises can draw great strength from a community that identifies with its social purpose. And in turn, social enterprises can enhance the community by helping commun-ities develop skills, build social and economic relationships and improve its confidence and sense of well being.

In this way, communities and social enterprises are mutually reinforcing.

Social business
The Giant Steps Program was set up by the community in Deloraine, Tasmania. The community wanted to investigate ways they could use an innovative program for children with disabilities to create population renewal in their town of 2100 people.
The program has attracted many families into their town.

Workers

The people who deliver the goods or services provided by a social enterprise are its key resource and it is their commitment that largely determines the enterprise's success.
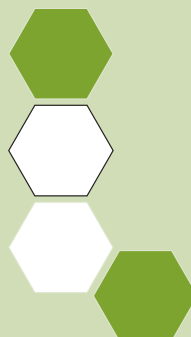
Worker participation and involvement need to be fundamental aspects of the way the enterprise operates. Involvement and commitment are generally two sides of the same coin: the opportunity to contribute ideas and experience demonstrates to people that they are valued and valuable, and the ideas that are provided can give the enterprise the edge.

Board and management

The roles of the board and management in an enterprise will vary somewhat according to the type and size of the organisation.

Some people believe social enterprises are most effective as small organisations, as they enable workers and the community to have direct contact with the board and management. However, time and research may show if this is the case.

One thing is certain - two-way communication between workers/community with the board and management is vital to a social enterprise's success. The board and management group that combines business skills with the ability to fully listen to key stakeholders is the one that is more likely to sustain success.

Tourism
Harrow in Victoria has only 90 residents. Looking to attract more people to town, local residents realised they had a cemetary of good stories to trade on. They then set up the Harrow Sound and Light Show, which now brings in more than $200 000 of extra income each year.

Customers

It is an old truism that 'the customer is always right'. If people aren't satisfied with what an organisation is providing, the business is unlikely to last. For example, one of the reasons for the growing interest in community-controlled financial institutions is the level of dissatisfaction in the community with banking services.

This example illustrates another important issue: any business has to operate on sound commercial principles. But to do so without proper regard to customers' needs and interests is likely to have negative consequences.

This is particularly the case for social enterprises, which have to operate commercially but within an environment where their social purposes are primary and the views of their stakeholders actively influence their decisions and operations.

Suppliers

Success in business often relies in part on good relationships with suppliers and contractors that can deliver consistent quality. Where a social enterprise can gain access to suppliers from within the local community, there are the potential advantages of building local economic capacity and of developing trust and commitment within the community.

Suppliers of finance and capital

Generally, social enterprises face the same challenges accessing finance as other businesses. However, social enterprises may have an advantage as they can tap into start–up grants as part of community regeneration and similar projects.

Community–run financial institutions can be a source of a wide range of services to social enterprises, including sources of finance.

See section three the enterprise plan: a business plan outline for issues regarding access to finance.

Suppliers of advice and expertise

Apart from acting as inspiration, the Social Entrepreneurs Network is a source of knowledge and expertise. Any social enterprise should seek traditional sources, such as government–funded business development services.

However, social enterprises need to ensure that traditional business advisers have an understanding of its social objectives, and are both supportive and take proper account of those objectives when providing advice. See section three overview of business structures.

"...social enterprises may have an advantage as they can tap into start-up grants as part of community regeneration and similar projects."

Community banking

Community banking strategies are the talk of rural and regional Australia from Arukum to Port Arthur. The Cape York indigenous community is setting up its own credit union to link family personal management strategies with an investment strategy for the whole community. This came out of the Weipa summit in September 2000 and from the need for the local people to own and manage their finances as existing services did not provide for them.
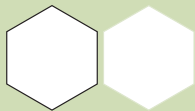
Partners

Some types of business projects are best undertaken as a partnership between a social enterprise and another organisation, such as a private company. If so, choose carefully.

The partner organisation needs to be orientated toward social responsibility, and its ethos and ways of operating need to be compatible with the principles the social enterprise and its relevant community are comfortable with.

Check out its ways of operating, its marketing strategies, and its employment practices, and get people's opinions and views on what type of organisation it is.

Partnership

The Adelaide Central Mission's social enterprise manager is hosted by the City of Onkaparinga in Adelaide's southern urban rural council area. The partnership is unique for a charity welfare organisation in that it has effectively devolved a position to another organisation as it attempts to develop the concepts of social enterprise/entrepreneurship. The value of the project may be measured in terms of the access to the Council's strategic divisions including economic development, strategy and policy, and the community services. Consequently, the projects being developed in this partnership offer a region-wide focus.

Regulators

Despite the entrepreneurial nature of social enterprise and the desire to 'just do it', they must take into account any corporate or regulated responsibilities.

Like other businesses, social enterprises have responsibilities related to staff, such as occupational health and safety, and the environment. Legal regulations may apply to the enterprise and should be considered before beginning a project and in its day-to-day operation.

Interestingly, legislation and regulations may also provide social enterprises with opportunities. For example, environmental action such as cleaning up waterways could be an opportunity to create employment for people who have been unemployed for a long time. If there is a job to be done, and someone will pay for it, there's a market.

Balancing key objectives

Social enterprise is fundamentally about demonstrating that people working together can achieve their social objectives in ways that are economically sustainable.

A social enterprise has two key objectives:
- to achieve its social purpose
- to operate as a sustainable commercial entity.

These objectives are not only compatible, but can help ensure each is achieved.

However, this doesn't mean that an enterprise will succeed just because a community has a good idea or intentions. Good ideas need to be pursued with sound business planning. This means the strategies used by the enterprise to achieve it's aims must have a commercial basis.

For example, a food cooperative may be established to provide moderately priced, healthy produce to a disadvantaged area. However, its sustainability may be ensured by developing an enterprise that serves a broader market, including areas where there is much more purchasing power than in the community it intends to immediately benefit.

Balancing key objectives

Adelaide Central Mission operated the Adelaide Central Mission Credit Union in the 1960s. Attached to this service was a financial counseling program - a forerunner to the contemporary low–income support programs. SA has more than 65% of credit union investment in Australia, which is a major challenge to traditional forms of banking. However, in the 1980s, the increased member demand meant there was a need to merge to create a larger service provider. It formed the Australian Central Credit Union with several other small credit unions. This led to the Adelaide Central Mission relinquishing control of the venture.

Raising finance

As with any business, a social enterprise needs capital to start up and cashflow to keep going.

Start-up capital is needed to get the enterprise through the first stage of business — planning and operations — until the income starts to come in. Funds are needed for staff (wages), buying/leasing equipment, rent/lease on premises, licenses and other regulatory fees, plus many other expenses.

It takes planning to attract finance, and that means a good business plan. The business plan is the tool of the social entrepreneur. It doesn't have to be a professionally–produced, glossy documents. But they must be a practical guide to a business that uses a language understood by others in business.

A business plan covers the key and broad issues of:
- management
- marketing
- production.

It must clearly indicate that the enterprise has more than a good idea. It needs to demonstrate that the enterprise's potential has been examined in regard to its market and in terms of how the product/service will satisfy that market.

Many start–up businesses fail because they have been focused on the product or service they are to provide. Unless they know who will buy that product and can establish a genuine list of customers, there is no business.

Therefore, one of the most essential first steps of business planning is to identify the buyers. The next step is to define the cost of production and the product/service's selling price, then attempt to predict the number of units the enterprise will be able to sell within a specific timeframe. This sales/volume prediction will form the basis of the sales strategy and history of the enterprise's trading operations.

For a model for business planning, see section three the business plan explained.

A comprehensive financial plan enables stakeholders to see how viable the enterprise will be.

Sources of finance for social enterprises are varied. They could include government grants, council grants, bank loans, sponsorship or support from similar community organisations, and agreements with suppliers.

However, each supplier of money will want to know how it is to be spent, when (or whether) they are likely to have it returned and what benefit they will accrue by providing the finance.

It is important that each approach for finance is well researched. This may be as simple as considering what the enterprise has to offer the person who is being approached for support.

Organisational growth

All organisations experience growing pains, even those that are not growing very much. As an organisation develops the questions inevitably arise:

- is our current structure or ways of operating still appropriate
- have changed circumstances resulted in a structure that was once very adequate now starting to hold our development back?

These questions sometimes create difficulties. People naturally become attached to ways of doing things and a form of nostalgia can build up around organisational arrangements. Sometimes people's very selves become bound up in their role in a structure and it is hard to let go. However, these issues can sometimes be anticipated and one way to deal with them is to expect and plan for change.

Proper planning for growth

The business plan will assist an enterprise to manage growth. Having established a 'start-up' enterprise, the immediate rush of enthusiasm by the stakeholders and promoters may wain as day-to-day management tasks come more into focus.

A social enterprise, like any business, is subject to its environment and may experience cycles of growth and consolidation. One well-established business theory is the 'business lifecycle'. This process recognises that a business will move through phases of development from infancy (start up) to an inevitable decline caused by new competitors or innovation. This decline may be delayed by timely planning, or by adjusting the product/service through product development and/or market extension. (See diagram below)

Each of the phases of the lifecycle place particular demands upon management. By being aware of those phases, an enterprise

Product/service lifecycle
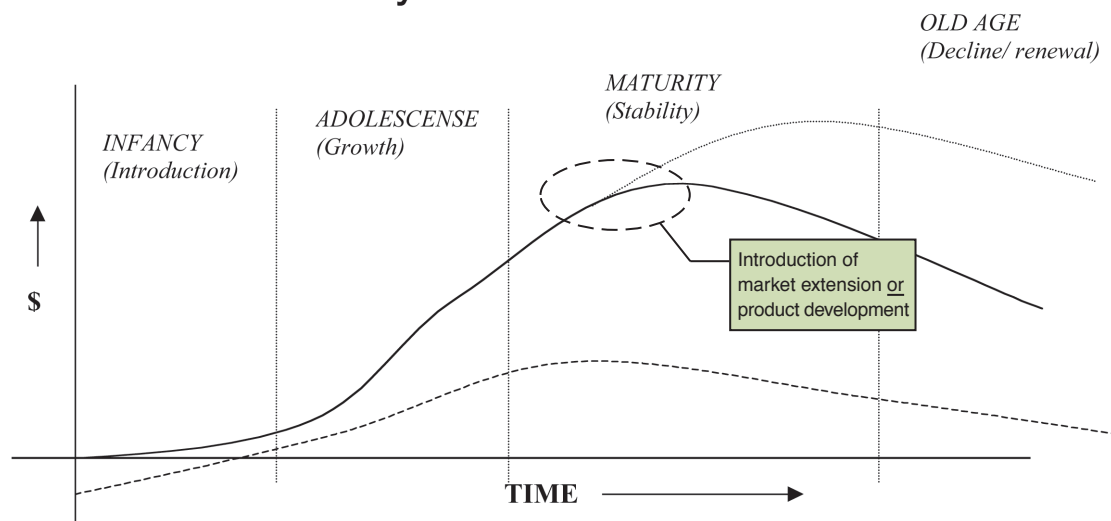
	Infancy (Start up)	Adolescense (Take off)	Maturity (Harvest)	Old age (Decline/renewal)
GOAL	Survival	Sales	Profits	Revival
ROLE	Initiator Innovator Organiser	Developer Implementer Delegator	Administrator Manager Leader	Sucessor Re-organiser Revitaliser
CRISES	Confidence Cash flow	Cash flow Delegation	Leadership Complacency	Inertia Succession

Records management

In the rush to get a project off the ground, attention to detail can make a significant difference.

Good planning is based on details that can be extracted from existing data. For example, while the sales/volume projections for the start-up business are initially based on an educated guess, they will form the basis of sales volume records. If maintained over time, they will identify fluctuations that will assist to plan future sales targets and raw materials purchasing.

As the saying goes, don't put off until tomorrow what can be done today.

Maintaining social purpose

The principle difference between a social enterprise and a commercial enterprise is its commitment to a social aim. The social purpose needs to be included in the business plan. It must be identified in the business objectives and be the focus of the goals and mission statements.

As the enterprise advances through the business lifecycle, it will need to re-examine its ways of achieving its purpose and commercial objectives.

"As the saying goes, don't put off until tomorrow what can be done today."

Developing enterprising people and communities

All communities and all individuals have strengths and capacities but often these go unrecognised. Sometimes people lose the ability to see their own strengths and capacities when they are in difficult circumstances or when they have experienced a series of setbacks.

A social entrepreneur is someone who can see the strengths and resources within a community and the opportunities to mobilise them. In return, the entrepreneur's ability to create something new is greatly enhanced by the community.

For example, a community that attempts to make itself a learning community would be a fruitful environment for a social entrepreneur.

There has been lots of discussion in recent years about concepts like 'learning community' and 'social capital'. Stripping away the jargon, these concepts are very simple and correspond to things that most people would easily recognise.

A learning community is one that is committed to developing individual and collective knowledge, capacity, and skill. It is a community that fosters people's ability to anticipate, and respond to, challenges.

Social capital is just a fancy term for the networks or connections between people that are built upon trust and common community beliefs or commitments.

There are many resources that can assist to develop learning communities see section three useful references.

However, in the end, a social enterprise is based upon the enterprising skills of individual people. Enterprising characteristics include things like:

- using initiative
- generating creative ideas
- carrying through on responsibilities
- planning
- seeking information
- managing resources
- flexibility
- negotiation and influence
- conflict resolution
- dealing with tension
- knowledge of key business processes (such as marketing)
- monitoring and evaluating performance.

Many, if not all, of these characteristics can be learned by most people. Sometimes, the only thing that stops a person developing these characteristics is self–belief. Perhaps a key characteristic of a social entrepreneur is the ability to instil the belief in others that 'I can do it'.

Learning communities

The community of Lockhardt River, on Cape York Peninsula, created a negotiation table with government around the idea of creating a learning environment. As a result, government agencies agreed to fund community-driven vocational education and training programs, a community development officer, a community arts coordinator and the set up costs of an internet café.
They also agreed to create a community–driven, community justice model, and to develop a skills and needs audit of training opportunities and link them to economic opportunities and real jobs.

Opportunities for growth

Social enterprises operate in most economic sectors. Some of the growth areas for social enterprises include:

- environmental
- housing
- health and care
- information services
- public services
- financial services
- training and business development
- manufacturing
- food and agriculture

Environmental

An environmental economy is emerging that focuses on new patterns of consumption (ie recycling, energy efficiency). It is important that everyone has access to environmental services. Social enterprises are finding opportunities for growth in this sector through innovation and by using their social capital.

Housing

Providing quality housing for people with low incomes and those who are disadvantaged is a major challenge for governments and welfare agencies.

Environmentally sustainable innovations in housing are helping to reduce the running costs of housing. Consumable energy requirements (including heating, cooling and water resources) have a strong potential to improve the quality of life for the disadvantaged and those on fixed incomes, as well as reduce green house emissions.

Health and care

More and more traditional community care services are being outsourced. This creates opportunities for social enterprises to own and manage these services, either through existing or new programs. For example, government, community and welfare agencies require a range of services: home–based services, care and support activities for the elderly and the people living with disabilities.

Information services

The growth of the internet and e-commerce has seen many communities working together to ensure people have access to computers and on-line services. Social enterprises have many opportunities for growth in this area, particularly in the area of social businesses.

Festivals

Balingup in Western Australia is dependent on seasonal produce and tourism.
Balingup has regenerated the town in its deadest winter month - August - by setting up its Maedival Afayre, which now generates $500 000 in trading and attracts more than 5000 people. As well as bringing money into the community, the festival has brought the community together and harnessed residents' creative potential. Four hundred of the town's 525 people are involved in the festival.
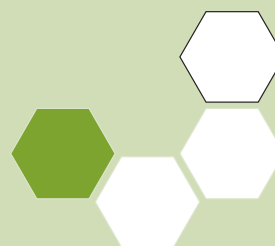
Rural town revival

Tumby bay was a declining township badly affected by economic change.
Through social enterprise, it is now a classic story of rural and small town re-invention.
The locals formed an action group to revitalise the town. The group created streetscaping projects, a new information technology hub and a marina.
As a result, retirees were attracted to the town and have boosted the population.

Public services

Some social enterprises are being contracted by local governments to provide services that reflect their community's needs and help keep employment in their area. These ventures include providing leisure, health, educational, and environmental services such as recycling and landscaping. The scope of opportunities for community enterprises is very broad.

Financial services

Community financing options are becoming increasingly popular as large financial institutions withdraw their services from many areas, particularly rural communities. This has seen a growth in regional transaction centres and community banks. Any financial service venture must achieve its social aims while establishing trust with the investor.

Manufacturing

Manufacturing and assembly provide opportunities for community and social businesses. Such social enterprises can fill in the gaps in regional business networks. For businesses that are threatened with closure, employee ownership can be a way of keeping the business going and retaining local pride in it.

Food and agriculture

Social enterprises have a long history of involvement in the Australian food and agricultural sector — producers' cooperatives, for example. While many of these ventures are now huge, new social enterprises continue to develop, such as community food cooperatives, cafes and wholesalers.

Training and business development

Increasingly, labour market programs are being tendered out to training providers. These include training and work experience, and many of the providers are faith–based charities and social enterprises.

The scale of many of these ventures has increased the opportunities for social enterprises to establish work spaces, such as business incubators that support start–up businesses or make use of under-utilised community assets.

Non-financial trading systems

Organisations such as Local Exchange Trading System (LETS) are establishing a barter trading economy where labour and products are exchanged for credits. These systems are locally focused and have a strong community–building role. They tend to be small and run by volunteers. Recent developments in trading cards and voucher systems are improving the system's capacity to assist the community and build loyalty for local services.
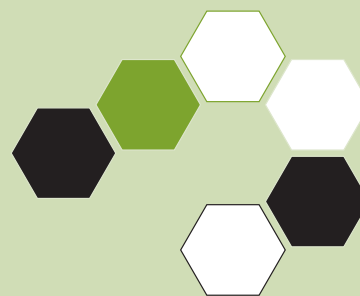
Indigenous employment

The Community Development Employment Program (CDEP) is at work in many rural and regional communities. At Aurukuun on Cape York Peninsula, CDEP is being used in more enterprising ways to empower families that live in the area. The plan is to develop indigenous outstations as land management and planning centres, that will in turn create wealth from land rights. It is using CDEP as start–up capital so the projects can reach fruition.

Forms of social enterprise organisations

Social enterprises come in a variety of forms and organisational structures. The way these enterprises are managed and governed may differ depending on their registration and incorporation. However, they are all market–based ventures with social aims.

Social enterprises can take a number of legal forms, such as not–for–profit associations, partnerships, proprietary limited companies, or cooperatives. These forms each have particular advantages and disadvantages see section three overview of business structures for further discussion. The legal form of the organisation places certain constraints on what can be undertaken, so particular categories of social enterprises may be more suited to one form of legal incorporation than others.

In each state, there is legislation relating to corporate and consumer affairs that applies to all traders, including social enterprises. Depending on the structure of the enterprise, different constraints and regulations may apply. See section three overview of business structures.

Categories of social enterprise in Australia

Not-for-profit community organisations
These organisations are generally well established, community based and incorporated associations that have been operating for a specific interest for some time. To help achieve their objectives, these associations sometimes develop enterprising activities. Examples include ventures such as community cafés that provide training for disadvantaged people in the food and hospitality industry.

Charitable trading entities
Many charities set up ventures that may generate income (and profit) to provide funds for their work. The most common type of venture is charity shops where donated, second-hand goods are sold. Newer types of ventures have been set up to provide services to government.

Community businesses
Some communities set up social enterprises to service a need in their local community. These ventures tend to have a strong local or geographic focus. Many of these are developed with a cooperative spirit, with a focus on breaking even financially and creating local employment opportunities.

Financial
Gulargambone in NSW lost a range of services from the local butcher to two stock and station agents. In response, they set up a rural transaction centre that linked to a post office, credit union, Centrelink agency, Medicare Easyclaim, a gift shop/ post shop, an internet centre, a signpost for ATO BAS, a giropost facility and a fax and photocopying service.

Community financial services

A community's success in investing in itself and maintaining its wealth depends on its access to financial services, such as accounts, insurance, home–lending and small business loans.

With the traditional banking sector increasing fees and withdrawing services from many local and regional areas, many communities are developing alternative financial services. This includes credit unions, friendly societies and mutual societies.

These types of organisations are set up to service their employees or a particular community. Therefore, their priority is service to members rather than their shareholders.

Cooperatives

Cooperatives seek to share a service to benefit all of its members. They often have a strong sense of purpose and the members have a common bond. Members remain loyal to the cooperative as they are focused on the common bond and on sharing the benefits.

The structure of cooperatives encourages a strong level of membership participation. In Australia it is relatively expensive and complicated to set up and manage a cooperative. Consequently, many small associations work in the spirit or name of a cooperative, without the formal structure.

Cooperatives operate in several fields:
- retail, craft and community cooperatives
- agricultural producer cooperatives
- housing cooperatives
- workers' cooperatives.

Development and regional trusts

These types of organisations are set up to organise and promote community projects. They are set up by key stakeholders including community representatives, community organisations, local government, and local business.

Some organisations operate as an umbrella for different activities, while others focus on trading. Activities include managed work spaces (ie a new business incubator), labour market training and placement, and small business mentoring.

Employee–owned companies

These enterprises often result from a business crisis where the community is threatened with a local employer's closure. If there is little other employment in the area, communities often choose to invest in the enterprise through personal savings or labour.

Employee–owned companies range from niche market, micro enterprises to major employers, (the latter found mainly in regional areas). The social and business aims of employee–owned companies are closely aligned, and it aims to encourage community participation.

Small business partnerships

A new level of cooperation between corporate and community interests is beginning. Corporations are recognising their social and environmental responsibilities, while community organisations are looking beyond sponsorship to create partnerships with business.

These partnerships benefit both the business and the community, and they feature a collaborative process that addresses a community's particular needs. This relationship is based on trust and is designed with a long–term strategy. Enterprises may take various forms, and rely on the community's energy and commitment.

Social business

Social businesses are those designed to provide employment, care, rehabilitation and training to people with a disability or other disadvantage in the labour market. Social businesses establish workplaces for their participants. Traditionally, this has been oriented to assembly, furniture, and packaging. New opportunities are being developed in the IT and communications sectors.

"...developed with a cooperative spirit, with a focus on breaking even financially and creating local employment opportunities."

Social enterprise in Australia

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