



Social Enterprise in Queensland

A look at the current
state of social
enterprise in
Queensland and future
possibilities to grow and
sustain the sector

FINAL REPORT

—

September 2019





KPMG wishes to acknowledge the traditional owners of the land, recognise their continuing connection to land, water and culture, and pay respects to Elders past, present and emerging. KPMG also wishes to acknowledge the social entrepreneurs, both Indigenous and non-Indigenous, who are passionate about social enterprise, making a difference to their communities and who gave their time to be part of this engagement.

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KPMG has indicated within this Report the sources of the information provided as per our methodology. We have not sought to independently verify those sources unless otherwise noted within this Report.

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The findings in this Report have been formed on the above basis.

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Executive Summary

In recognition of the importance of social enterprises in providing benefits to the Queensland economy, particularly in providing support to disadvantaged individuals and groups, Jobs Queensland commissioned this work to better understand the social enterprise sector. The key aspects of this work have been to identify social enterprises in Queensland, provide a deeper understanding of current challenges and enablers for the sector, and to establish a range of possible actions the government could take in helping to grow and sustain the social enterprise sector.

This Report (and the Executive Summary) have been structured across three broad phases, which represents the way in which data and information was gathered and collected over the period from November 2018 to February 2019. These phases are:

- Part A: Definition and Environmental Scan of Social Enterprises in Queensland;
- Part B: Economic and Social Impact Analysis; and
- Part C: Government Support Areas.

Significant consultation was undertaken, both with the social enterprise sector in Queensland and with key stakeholders across Australia who have been involved in similar projects or initiatives, to provide valuable insight into what could occur in the Queensland context. This included a mix of individual interviews, focus groups, regional forums and a survey with the sector. A summary of stakeholders consulted is provided in Appendix E.

Part A: Definition and Environmental Scan of Social Enterprises in Queensland

Mapping the sector – a first for Queensland

For the first time in Queensland, this project seeks to establish the current state of social enterprises in Queensland, as well as the ecosystem that supports them, as at February 2019. The approach used has involved the identification of social enterprises based on a detailed bottom up approach using published data, regional networks and key government sources (such as ABN data). Key to this mapping process has been establishing a definition of social enterprise for the sector.

Definition of social enterprise for mapping

There is no internationally agreed definition of a social enterprise. However, key mapping reports undertaken within the Australian context use a consistent definition and have been used as the basis of the definition (used for mapping) in this Report. Accordingly, social enterprises are organisations:

- *Which have a key mission and purpose to pursue a social, environmental, cultural and/or community benefit;*
- *Which derive more than 50% of their revenue from selling goods and/or services in the open market; and*
- *Which invest the majority of any profits made in the fulfilment of their social mission, whether directly or through re-investment, in the organisation.*

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While the definition is consistent in Australia, its interpretation differs in identifying which organisations are included. This Report takes a narrower (stricter) interpretation of the definition than mapping undertaken across other Australian jurisdictions, in particular Victoria and the Finding Australia's Social Enterprise Sector (FASES) Reports.

Insights from the literature

There is recent interest in social enterprises across the world despite the concept being formalised in the 1990s. Within Australia, social enterprises began in the not-for-profit and charity sector, and only more recently have been a focus in the for-profit sector.

Social enterprises emphasise place and community and often fill gaps left by government and other providers. Due to this they tend to be more focused in western societies on the delivery of services (rather than goods) and are diverse in the initiatives they pursue, industries they work within, organisational models they adopt and the resources (employees) they engage. In the latter regard, they commonly provide support for long-term unemployed or otherwise disadvantaged individuals.

While there is a perception social enterprises are new and that the sector is growing rapidly, analysis of the social enterprise sector across a number of countries indicates the Australian sector is quite mature. Most countries find that over 50% of identified social enterprises are more than 10 years old.

Social enterprises also tend to be diverse employers, being more likely to have a female Chief Executive than traditional businesses, and are demonstrated to employ more culturally diverse workforces relative to traditional businesses.

The literature consistently notes that obtaining financial support is one of the key challenges faced by the sector. Additionally, consistent across most literature is an identified need to build business acumen amongst social entrepreneurs.

The international experience

There are pockets of high market maturity in social enterprise models across the world. Arguably, the most mature social enterprise markets are located in the United Kingdom, with maturing markets in Canada, the United States (US) and Hong Kong. Both South Africa and South Korea provide examples where the social enterprise sector is maturing.

Government supports and interventions have varied around the world, but common policy programs seek to address financial barriers, build business capability, provide start-up support and boost the intermediaries and wider ecosystems that seek to support and sustain social enterprise.

The size and scale of the social enterprise sector in Queensland

Through a bottom up mapping approach, 229 unique social enterprises and 47 social enterprise ecosystem organisations were identified across Queensland (a total of 276 organisations) as at February 2019. These organisations were mapped across 412 sites in Queensland, noting that some of these organisations were unable to be identified at a geographic level either due to only having an online presence or limited information.

These social enterprises were diversely spread across industry sectors (based on Australian and New Zealand Standard Industry Classifications); however, over 60% were in one of four industries: Health Care & Social Assistance; Administrative & Support Services; Arts & Recreation Services; or Accommodation & Food Services.

Executive Summary

Analysis of regions was undertaken against the Statistical Area 4 boundaries for Queensland. This identified that two regions had over 50 identified social enterprise sites within their geographical boundary. These were Brisbane Inner City and Cairns. A further two regions had over 30 social enterprise sites, being Logan-Beaudesert and the Sunshine Coast. The four regions with less than ten social enterprise sites identified were Darling Downs-Maranoa, Mackay, Moreton-Bay South and Brisbane-West.

Using a combination of the mapping data and formal survey responses, further analysis was undertaken to estimate the contribution of the sector. Based on an estimated under-reporting of the number of social enterprise at 30%, it is believed around 300 social enterprises are operating within Queensland as at February 2019 (not including ecosystem supports).

Part B: Economic and Social Impact Analysis

Feedback from the sector – Key challenges

Consultation with the sector led to identification of a number of key challenges. These included the need for local support in community settings and further ecosystems to provide non-traditional approaches to business that take into account social purpose. A further key challenge was access to funding, particularly at the start-up phase. Properly responding to government (and to a lesser extent private) sector procurement was also identified as another key challenge.

The sector also reported challenges with marketing social purpose driven organisations, and that awareness of the sector and increased negotiating power is needed to gain public and private sector buy-in. Isolation and burn-out of social entrepreneurs was noted as a consistent concern, especially for smaller social enterprises. The need for up-skilling in business acumen was noted by both social enterprises and the broader ecosystem. Scaling-up and growing the business were also noted as challenges for those social enterprises that were more established.

Regional and remote areas were noted as having additional barriers to the establishment of social enterprises, including limited access to infrastructure and support networks, generally fewer ecosystem and peer support arrangements, and often less awareness about the ability to use social enterprises to access goods and/or services.

Discussion with Aboriginal and Torres Strait Islander persons identified that a relationship-oriented approach needs to be fostered to help grow the social enterprise sector in more culturally diverse settings, with a need for tailored capability development that is relevant to the local context. It was also identified that the concept of social enterprise was (in relative terms) a new concept that was often not recognised, but was referred to as a way of doing business that has long been supported by the Aboriginal and Torres Strait Islander community.

Feedback from the sector – Key opportunities

The Queensland social enterprise sector identified its key enablers and strengths as being the grass-roots movement within Queensland and the strong local pockets of social enterprises, as well as the social entrepreneurs and ecosystem supports. These supports are needed to provide peer supports, mentors and local networks to enable them to grow and sustain the sector. Key examples were provided where incubators and procurement contracts with local government and Queensland Government had assisted social enterprises to grow.

Executive Summary

In terms of growth and sustainability opportunities, many stakeholders noted there is significant opportunity to assist in scaling-up small to medium sized social enterprises. This could be achieved through expansion into other locations, access to further capital and/or accelerators and capacity building to assist in business expansion. It was also noted there could be opportunity to identify medium to large sized social enterprises from other jurisdictions and support their expansion into the Queensland market. While some felt that certain industry sectors were a better focus for larger scale social enterprises than others, there was no uniform view on industries that could be particularly targeted by social entrepreneurs. Rather, it was acknowledged that there was a strong need to respond to local markets and needs.

Types of social enterprise

Using a typology defined by Social Traders, three key types of social enterprises have been discussed in terms of their social impacts. These are:

- *Those which pursue employment goals, usually through employing long-term disadvantaged job seekers;*
- *Those which pursue service delivery goals, usually targeting areas of high socio-economic disadvantage in direct response to local community need; and*
- *Those which pursue income generation goals, providing their profits to other not-for-profit organisational activities or in support of a community or social benefit.*

In measuring social benefits there are a number of data limitations; however, the employment of long-term disadvantaged job seekers is linked to increased earnings for the individual, a reduction in employment benefits needing to be paid by government, improved mental health outcomes, improved health outcomes more broadly and improved community engagement and participation. These organisations are usually established either as a pathway to other employment (using the Intermediate Labour Market approach), or seek to provide these employment options over the long-term (including Australian Disability Enterprises).

The social benefits of social enterprises pursuing a service delivery goal are difficult to quantify because of the range of different purposes and industries in which these organisations operate, and also due to the intangibility of the range of social benefits that clearly exist. However, their place-based approaches provide benefits in terms of targeting places which tend to have long-term socio-economic disadvantage, filling gaps left in the market and responding to local service need, and being innovative in their approach to addressing their social purpose. In addition, their approaches also generally provide community buy-in and support, leading to improved social inclusion and cohesion.

Measuring the impact of income generated by social enterprises is also difficult due to the lack of qualitative data that is publicly available. Frameworks in relation to international aid support and philanthropy may be useful in helping to measure the impacts of these types of organisations.

Executive Summary

Part C: Government Support Areas

The Case for Government Support

Governments across the world are increasingly providing support to the social enterprise sector in order to facilitate its growth and sustainability. The reasons for this include:

- The achievement of a beneficial social purpose for local communities that drives the motivations and goals of social enterprises;
- Providing benefits to long-term disadvantaged job seekers in employment markets that are impacted by economic downturn; and
- Providing place-based approaches to tackling difficult social and economic issues, including supporting people from lower socio-economic backgrounds.

In addition, there are also documented broader environmental, cultural and societal benefits.

Government interventions to support social enterprises

Based on international evidence, there are a number of key mechanisms that governments around the world have pursued to help grow and sustain the sector. These have been discussed in this Report, with case studies showing how these mechanisms have worked in different contexts.

The key areas explored in this Report are:

- Social Enterprise Strategy;
- Access to Finance;
- Support of the Ecosystem;
- Procurement;
- Accreditation and Recognition;
- Regulation and Legal Structures;
- Research and Evaluation; and
- Regional Support.

Each of these areas were discussed with a range of representatives of the Queensland social enterprise sector, and with experts who have implemented supports in one of these areas either in Australia or internationally.

Project Scope and Purpose



“ A strong diverse and growing social enterprise sector produces benefits for our state economy and communities.”

-The Hon. Shannon Fentiman, Minister for Employment and Small Business and Minister for Training and Skills Development, Media Statement, 29 October 2018.

In recognition of the importance of social enterprises in both achieving a potential social, cultural and/or environmental benefit(s) for Queensland, and in employing Queenslanders (in many cases persons from a disadvantaged background), Jobs Queensland has engaged KPMG:

- A. Identify the extent and role of social enterprises in Queensland’s business and jobs market;
- B. Examine the economic and social outcomes of social enterprises; and
- C. Explore possible mechanisms for government support, particularly those that address areas of market failure.

Project Scope and Purpose

Project purpose

This project will, for the first time, provide an understanding of the size, scale and impact of the social enterprise sector across Queensland, including the social enterprise ecosystem that helps support it.

This project is the result of a request from the Minister for Employment and Small Business and Minister for Training and Skills Development.

Project benefits

It is expected that the benefits of this Report, and stakeholder engagement that has been undertaken throughout the course of this project, will include:

- A comprehensive and stakeholder-informed definition of ‘social enterprise’ appropriate to the Queensland context with a view to the practical application of identifying and mapping social enterprises in Queensland;
- A current state of play of the social enterprise sector in Queensland (as at February 2019), including its size measured in terms of both workforce and contribution to the economy;
- A geographical profile of the social enterprise sector, including identification of rural and regional initiatives;
- A deeper understanding of the diversity of social enterprises across Queensland, including the sectors they work within and their driving purpose;
- An understanding of the scale of the contribution of social enterprise to employment, financial contribution and wider social benefits to Queensland;
- An understanding of the types of social enterprises as well as the industries they operate in and their legal and financial structures;
- Identification of government supports and enablers that have worked around the world to accelerate market development that could be applied to social enterprises in the Queensland context; and
- Understanding the enablers across the social enterprise ecosystem to help drive sustainable growth for the sector.

Sections of the Report

The Report is segmented into three key parts as summarised below and overleaf.

	Purpose	Contents
Part A	To identify the extent and role of social enterprises in Queensland’s business and jobs market.	Prescribing a definition developed in consultation with sector stakeholders to be used for the purposes of mapping, a literature review on key insights regarding social enterprises, a Queensland state of play investigating the number, size, and type of social enterprises, and a summary of international initiatives across selected countries from around the world.

Project Scope and Purpose

	Purpose	Contents
Part B	To identify the economic and social outcomes of social enterprises, including the size and scale of the sector, their barriers and enablers to success and their social impact.	Describes the size and scale of the sector (workforce and financial contribution) based on both the survey and mapping undertaken, provides an in depth understanding of the diversity of the sector including enablers and barriers as identified through engagement with the sector and broader research, and provides a high level overview of social impacts of the sector. This section is supported by case studies of the sector.
Part C	To explore current best practices and mechanisms for government support of social enterprises.	Explores possible future options for government support of the social enterprise sector based on sector feedback and analysis of actions in other jurisdictions. This section also includes case studies based on expert stakeholder interviews.

Limitations – Mapping

A key aspect of this Report has been to identify and map social enterprises in the Queensland context (based on the established definition). While every effort has been made to achieve this as comprehensively as possible, there are a number of limitations on the availability, accuracy and number of data sources available to achieve this. These include:

- A high degree of fragmentation in the nature and consistency of available data, which may limit the ability to make consistent comparisons;
- A lack of understanding of what a social enterprise is across Queensland, as well as relatively low maturity across the sector in terms of accurate self identification, causing issues in both false positive identification and in identifying those organisations that are social enterprises but do not identify as such;
- Challenges in sharing details of social enterprises due to privacy and/or commercial-in-confidence considerations;
- Inconsistently reported locations and nature of social enterprises; and
- Limitations in publicly available information associated with providers’ footprints and financial performance. This includes limitations in relation to financial data and a lack of published materials, such as annual reports.

While every attempt has been made to develop a complete picture of the market, these factors, along with the degree of fragmentation of the social enterprise landscape, limit the completeness of the mapping process.

Project Scope and Purpose

Limitations – Economic and social impact

Consistent with all reports that seek to measure such impacts, there are significant limitations to being able to achieve any comprehensive analysis of this nature due to:

- Limitations in quantifiable data and evidence that would lend itself to accurate economic and/or social impact analysis;
- Inconsistent approach to measuring social and economic impacts across the sector (and related sectors);
- The intangible nature of many of the benefits arising from social enterprises;
- An inability to build social impact assessments at a system-wide level based on a bottom up approach due to the lack of measurement of social impacts at an individual social enterprise level;
- Diversity across the social enterprise sector in terms of the social purpose and industry sectors, making any aggregation of economic, and particularly social, impacts difficult; and
- Diversity across the type of social enterprise, including whether it has an employment focus, service delivery focus or income generation focus. Each of these organisation types have very different social impact outcomes, as outlined in Part B.

Limitations – Stakeholder consultation

A number of stakeholders have been consulted in the development of this Report, including through a survey of identified social enterprises, regional forums, focus groups and individual interviews. Limitations to the stakeholder consultations used to inform the Report are that:

- All consultation was conducted in the period between December 2018 and February 2019, due to time constraints for the delivery of this project, which – given the Christmas/New Year window – may have impacted response rates and/or completeness;
- Regional forums were limited to four key sites across Queensland (identification of these sites was undertaken in consultation with Jobs Queensland);
- Focus groups were limited to two events across Queensland with one group focused on Indigenous social enterprise and the other being a selected group of social entrepreneurs who were considered leaders in the Queensland context;
- Stakeholder interviews to inform the case studies utilised in Part B of this Report were limited to six interviews;
- Stakeholder interviews to inform the case studies in Part C of this Report were limited to twelve interviews; and
- The survey was distributed to all social enterprises and ecosystem organisations identified in the mapping undertaken in December 2018. The response timeframe was limited to a 2.5 week period in January 2019.

Part A



Part A identifies the extent and role of social enterprises in Queensland's business and jobs market. The key elements developed for Part A have included:

- A definition of social enterprise to be used for the purpose of mapping the sector in Queensland;
- An understanding of the social enterprise sector informed by Australian and international literature;
- Mapping of the Queensland social enterprise sector based on information collected to create the Database of Social Enterprises for Queensland; and
- Case studies of countries from around the world and initiatives they have developed to sustain and grow their social enterprise sector.

This section was completed in December 2018; however, the mapping was updated following consultation with the sector in January and February 2019.

Defining Social Enterprise

Internationally and across Australia, there is no universally agreed definition of social enterprise. It remains an area of significant debate amongst academics and policy makers.

In identifying the extent of social enterprise in the Queensland context, the following definition was used for the purpose of seeking to map organisations within the ecosystem:

Social enterprises are organisations:

- Which have a key mission and purpose to pursue a social, environmental, cultural and/or community benefit;
- Which derive more than 50% of their revenue from selling goods and/or services in the open market; and
- Which invest the majority of any profits made in the fulfilment of their social mission, whether directly or through re-investment, in the organisation.

This definition is broadly aligned to those adopted in the national Finding Australia's Social Enterprise Sector (FASES) report and work by the Victorian and Tasmanian governments when they undertook mapping of social enterprises across their respective States.

What is a Social Enterprise?

While a range of government and academic publications both within Australia and internationally have developed definitions of social enterprise, there is no single, internationally recognised and agreed definition of social enterprise.

While there is a common thread through all of these definitions in that they focus on the transformational drive of social enterprises looking to create benefit for the community, they differ subtly in how they characterise either “businesses” or “organisations”. This is reflective more broadly of a divide between those who view social enterprises as businesses with a social mission and agenda and those who view them as community organisations using business methodologies to generate social outcomes.

Difficulties in defining this collection of organisations stem from the diversity of objectives, the differing ways the sector has developed and emerged across the globe, the relative maturity of the sector, and the roles that these types of entities have played in their local societies and economies. The definition has also been used more narrowly or broadly depending on the purpose of its development (for example government funding may be targeting a select group). The lack of a clear definition has allowed a variety of entities to self-identify as social enterprises, further muddying the waters of public understanding (Burkett, 2010).

Figure 1 shows a selection of international and country specific definitions of social enterprise, demonstrating that many definitions are broad and may create significant uncertainty in their practical application in identifying which organisations are social enterprises.

Figure 1: Selected international definitions

Source	Definition
OECD (2015)	“Social enterprises are a new type of business, characterised by an entrepreneurial approach to delivering activities that are aligned with an explicit social mission.”
Social Enterprise UK (2018)	“Social enterprises...trade to tackle social problems, improve communities, people's life chances, or the environment.”
Skoll Centre for Social Entrepreneurship, Oxford University (UK) (Said Business School, 2018)	“Social entrepreneurs focus on transforming systems and practices that are the root causes of poverty, marginalisation, environmental deterioration and accompanying loss of human dignity. In so doing, they may set up for-profit or not-for-profit organisations, and in either case, their primary objective is to create sustainable systems change. The key concepts of social entrepreneurship are innovation, market orientation and systems change.”
UK Government Department for Business Innovation & Skills (2011)	“A business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners.”
Canadian Social Entrepreneurship Foundation (2017)	“Social enterprises are social mission driven organisations which apply market-based strategies to achieve a social purpose.”
Social Enterprise Alliance (US) (2018)	“A social enterprise is an organisation or initiative that marries the social mission of a non-profit or government program with the market-driven approach of a business.”
Institute for Social Entrepreneurs (2018)	“[A social enterprise is] any organisation, in any sector, that uses earned income strategies to pursue a double or triple bottom line, either alone (as a social sector business) or as part of a mixed revenue stream that includes charitable contributions and public sector subsidies.”

Source: KPMG 2018



What is a Social Enterprise?

Australian definitions

In Australia, there is no nationally agreed or endorsed definition of social enterprise, leaving jurisdictions and researchers to derive their own. The definition outlined in the FASES report is the most widely used definition in public policy documents in Australia (Barraket et al, 2016), and all other definitions have some level of alignment with this as shown in Figure 2.

The Burkett definition (2010) also includes blended incomes and blended value creation; however, it is noted that while most social enterprises have a blended income source and may provide blended value creation, this should not be an exclusionary criteria applied to identify social enterprises in Australia.

Figure 2: Selected Australian definitions

Source	Definition
Social Traders & Australian Centre for Philanthropy and Non-Profit Studies (from the FASES report) (Barraket 2016)	<p>“Social enterprises are businesses that trade to intentionally tackle social problems, improve communities, provide access to employment and training, or help the environment.</p> <p>Social enterprises:</p> <ul style="list-style-type: none">• 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.”
“Financing Social Enterprises: Understanding Needs and Realities” for Foresters Community Finance (Burkett, 2010)	<p>“Common to all social enterprises:</p> <ul style="list-style-type: none">• Social objectives are core to the purposes and focus of the enterprise;• Limited distribution of profits and/or distribution of profits with the purpose of maximising social impact...;• Mixture of capital inputs - the enterprise is often supported through blending of earned income, grant income and philanthropic income;• Blended value creation - generation of social/ecological/ cultural returns (or a combination of these) in addition to a financial return.”
Social Enterprise Finance Australia (SEFA) (2014)	<p>“A social enterprise is a business with a social, cultural or environmental mission that delivers a public or community benefit, and trades to fulfil that mission.”</p>
Australian Centre for Philanthropy and Non-Profit Studies for the Queensland Council of Social Services	<p>“...the term refers to a business for a social purpose: using a business strategy to achieve a social, cultural or environmental goal or another kind of community benefit, rather than for the economic benefit of shareholders or owners. As a business they operate in commercial markets seeking to generate a profit from trade.”</p>
Dr Robyn Eversole & Kylie Eastley of the University of Tasmania for the Tasmanian Government (2011)	<p>“...organisations that:</p> <ul style="list-style-type: none">• Are led by an economic, social, cultural, or environmental mission consistent with a public or community benefit;• Trade to fulfil their mission (where trade may be monetary or non-monetary), and derive a substantial portion of their income from trade; and• Reinvest the majority of their profit/surplus in the fulfilment of their mission.”
Business Victoria (2018)	<p>“The Victorian Government defines social enterprise as organisations that:</p> <ul style="list-style-type: none">• Are driven by a public or community cause, be it social, environmental, cultural or economic;• Derive most of their income from trade, not donations or grants;• Use the majority (at least 50%) of their profits to work towards their social mission.”

Source: KPMG 2018



Proposed Definition

Drawing primarily from Australian literature, three themes emerged in helping to develop the definition used for this Report: purpose; revenue stream; and the investment of profits. The approach to the literature review is provided in Appendix B. The proposed definition is:

“Social enterprises are organisations which have a key mission and purpose to pursue a social, environmental, cultural and/or community benefit; which derive more than 50% of their revenue from selling goods and/or services in the open market; and which invest the majority of any profits made in the fulfilment of their social mission, whether directly or through re-investment in the organisation.”

Each of the three elements proposed in this definition are described further below. It is noted that the structure of the organisation could include either not-for-profit or for-profit entities.

Purpose

This criterion refers to the primary objective or ‘mission’ of an organisation. The literature reviewed was fairly consistent in terms of the purpose of social enterprises, with definitions including:

- “[Social enterprises are]... led by **an economic, social, cultural or environmental mission** consistent with a **public or community benefit**” (Social Traders, 2016);
- “Social enterprises are social **mission driven organisations**” (Canadian Social Enterprise Foundation, 2017); and
- “Businesses whose **core objectives and actions centre on social purposes**. That is, purposes that are directed at working for **public good, public interest and collective benefits** rather than private interests or private gains.” (Centre for Social Impact and Foresters Community Finance, 2008).

In essence, social enterprises must be driven by a the achievement of a public benefit and a social mission (which is defined in this context as social, cultural, environmental and/or economic).

Defining factor	This therefore excludes...
Social enterprises are organisations which are driven by their key mission and purpose of pursuing a social or community benefit.	Corporations which are primarily driven by a profit, rather than a social, motive.

Revenue stream

This criterion looks at the source of an organisation’s revenue. While most definitions stipulate that social enterprises generate revenue through selling goods and/or services in a competitive market, they are less clear on how large this portion may be, highlighting that social enterprises “apply **market-based strategies**” (Canadian Social Enterprise Foundation, 2017) and “make their money from **selling goods and/or services** in the **open market**” (Social Enterprise UK, 2017).

The clearest guidance is outlined in the FASES report, which requires social enterprises to derive a “**substantial portion of their income from trade**” (Barraket et al, 2016). For the purposes of this project, “substantial” is defined as 50% or greater. It is noted that enterprises in their ‘start-up’ phase (i.e. in their first 1-3 years of operation) may not yet be self-generating

Proposed Definition

at least 50% of their revenue, but would be assumed to have the intention of doing so. Given the difficulty in identifying and quantifying those social enterprises that are in an establishment phase and on the journey toward meeting the definition, these have generally not been included in the mapping. However these organisations will be an important consideration in the future.

Defining factor	This therefore excludes...
Social enterprises are organisations which derive more than 50% of their revenue from selling goods and/or services in the open market.	Charities and other not-for-profit organisations which receive the majority of their income from donations and other non-commercial sources (e.g. government grants and markets primarily underpinned by government).

Investment of profits

The third criterion for a social enterprise relates to the investment of any profits made by an organisation. Here the literature is less clear, with sources differing on the scale of reinvestment required as well as where that reinvestment is targeted. Guidance from those who have studied the sector includes:

- **“Reinvests the majority of their profits/surplus in the fulfilments of their mission”** (Social Traders, 2016);
- **“What a social enterprise does with its profits is a critical way in which social enterprise is distinct from standard businesses. We believe the majority (more than 50%) of an organisation’s profits should be reinvested to further its social or environmental mission”** (Social Enterprise UK, 2017);
- **“[Social enterprises] use the majority (at least 50%) of their profits to work towards their social mission”** (Business Victoria, 2018); and
- **“[A business] with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners”** (Department for Business Innovation & Skills, 2011).

Defining factor	This therefore excludes...
Social enterprises are organisations which invest the majority of any profits made in the fulfilment of their social mission, whether directly or through re-investment in the organisation.	For-profit organisations which are obligated to pass their profits on to shareholders or members (this will be regardless of whether they meet the social purpose element of the definition).

The Practical Application of the Definition

Testing the definition and its practical application

While the definition of a “social enterprise” is open to debate and interpretation, an important factor in determining the characteristics of the definition is the purpose for which it will be used.

To that end, acknowledging the purpose of this definition is to provide the basis for mapping all social enterprises in Queensland in December 2018 (revised in February 2019), it was tested against a number of different types of organisations to ensure it was fit for purpose. It was noted that information on the revenue streams and investment of profits (for the latter part of the definition) can be quite difficult to obtain. Many social enterprises do not have annual reports or publicly publish information about their revenue streams and investments.

In order to accurately identify social enterprises across Queensland, there needs to be a framework that both excludes those that incorrectly self-identify as being a social enterprise, and which includes organisations which can be classified as social enterprises but do not self-identify as such. While clarity in the definition and its application is important when looking to provide targeted government support, the establishment of such criteria has the potential to change the social enterprise landscape as it currently stands.

The following types of organisations were tested against the definition:

- **Childcare centres** – Childcare centres are usually privately or community owned and provide early education to children before school age (under 5). There are over 1,500 childcare centres across Queensland. While almost all would likely meet part of the proposed social enterprise definition – and similarly the majority do generate revenue from the trade of the services they provide – in the majority of instances they receive more than 50% of their revenue from the Australian Government (that is blended revenue). In applying the last part of the definition, many childcare centres are profit motivated. It is acknowledged, however, that some childcare centres, such as Goodstart Early Learning, self-identify as social enterprises.
- **Aged care providers** – Aged care providers provide care for older persons (including residential and home based care services). There are over 2,600 aged care facilities nationally (and this figure excludes those organisations provided home care services as they would be in addition to this figure). While most would meet the purpose part of the social enterprise definition, some are profit motivated. In these instances revenue is generated from the residents (and their families), but the majority of their funding is provided through the Australian Government. This is similarly the case for not-for-profits where the majority of revenue is generated through the Australian Government. Some aged care providers are not-for-profit services and reinvest revenue back into the organisation, although in many cases this is used to cross-subsidise other parts of the business.
- **Disability Employment Service providers** – Disability Employment Service (DES) providers assist those who have a disability and find it difficult to gain employment. There are over 500 such provider outlets across Queensland. Almost all DES providers would meet the purpose part of the definition. However, while revenue is linked to service delivery, it is almost solely provided by the Australian Government. There is a question about whether government underwritten service delivery should meet the second criteria. Many are profit motivated and would not meet the third part of the definition. Regardless of whether providers themselves are included, some such as HELP Enterprises run separate social enterprise ventures which could be included. If some DES providers are included, then JobActive providers may also need to be considered for inclusion (although it is understood that more of these are run as commercial profit driven enterprises than with DES providers).

The Practical Application of the Definition

- **Private education providers (schools) and universities** – Private schools and universities in Queensland would all meet the social purpose aspect of the definition. Similarly, these organisations generate revenue from the service they provide (noting that it comes from both private fees and government provided subsidies usually linked to the number of students who are enrolled). In Queensland, private education providers are not-for-profit organisations and must reinvest revenue back into the organisation. In Queensland there are 512 independent and catholic schools, and eight universities across 32 campuses.
- **Indigenous Community Organisations** – Indigenous Community Organisations come in many forms including Indigenous Health Controlled Organisations and community cooperatives. In most cases these organisations will meet the social purpose aspect of the definition, and most are not-for-profit organisations which reinvest any revenue they make back into the business (noting many will not make a profit). However, the majority of these are grant funded with revenue that is not linked to the trading of goods or services in the open market.
- **GP clinics, health and wellbeing clinics** – GP clinics and health and wellbeing clinics would generally meet the social purpose part of the definition by providing healthcare services to the community, and receive revenue based on the delivery of service (albeit that the majority of this may come from the Australian Government through Medicare). While some of these organisations may reinvest revenue back into the business, it is understood that most GP and health organisations are set up on a partnership basis where the revenue gets distributed amongst the clinicians in the practice. This would not meet the third aspect of the definition.
- **Local recreational clubs** – Local recreational clubs, such as YMCAs and Scout and Girl Guide type organisations, are likely to meet the social purpose aspect of the definition on the basis of community benefit, and most are not-for profit organisations which would reinvest any revenue made back into the organisation. It is expected that most of these would not meet the criteria of generation over 50% of revenue through the trade of goods or services.

Figure 3 summarises these key points and identifies whether they were included in the Victorian mapping project.

Figure 3: Testing the definition of social enterprise by organisational type

Type of organisation	Approximate number in Queensland	Did the Victorian mapping include these? (Castellas et al, 2017)
Childcare Centres	Over 1,500	Yes – community childcare centres.
Aged Care Providers	Over 450	Yes – not-for-profit aged care providers.
Disability Employment Service providers	Over 500	Unknown.
Private education providers and universities	Over 500 schools, 8 universities	Yes – independent schools and universities.
Indigenous Community Organisations	Approx. 140	Unknown.
GP Clinics, Health and Wellbeing Clinics, Private Hospitals	Over 1,000	Yes – private hospitals.
Local Recreational Clubs	Unknown	Yes including sporting clubs, YMCAs, community neighbourhood houses.

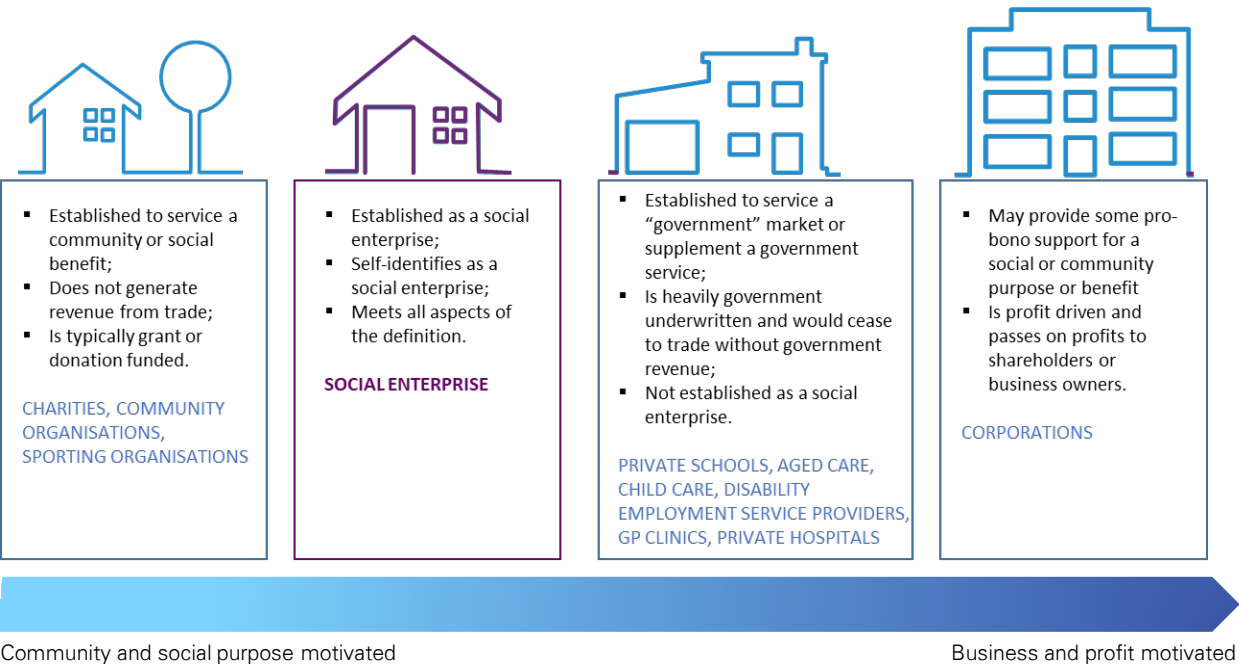
Source: KPMG 2018



A Typology Approach

The interpretation of the definition that is proposed can be narrow or broad, as is summarised in Figure 4 below. For the purposes of mapping the Queensland context, we have adopted a more narrow approach.

Figure 4: Typology approach to defining social enterprise



Source: KPMG 2018

Local community and sporting organisations will be excluded largely because they do not tend to generate revenue from the sale of goods or services, and because they are usually funded through grants or donations.

Organisations including childcare, aged care, schools, GP clinics, private hospitals and DES providers have been explicitly excluded from the mapping. While some of these may technically meet all three elements of the definition proposed (depending on the interpretation of an open market), it was felt that these organisations (with very few exceptions) were not established as social enterprises. If captured, these organisations would over-report the size, scale and maturity of social enterprises in Queensland.

Corporations will be excluded from the definition, noting that many organisations are increasingly seeking to demonstrate their commitment to social, environmental, cultural and community reforms and initiatives, including through pro-bono work, partnerships with not-for-profits and sponsorship. Many of these organisations play a key role in the social enterprise ecosystem, but are not the intended targets of the social enterprise mapping.

The Social Enterprise Ecosystem

Similar to any economic market, the social enterprise market is a complex intersection of purpose-driven supply with consumer demand with impacts from both the private and public domains. Thus, it is important to consider what elements within these societal and economic factors impact the development and progress of social enterprise. As with the definition of social enterprise, there are different conceptualisations about what constitutes the ecosystem that supports social enterprises. Also, similar to the definition, what is proposed in theory may differ from where the ecosystem has been identified in practice.

The dimensions

Contemporary research on the development and growth of the social enterprise sector points to multiple market dimensions that are all required factors for creating an “enabling environment” that allows social enterprises to operationalise and stabilise (World Bank Group, 2017). These dimensions are:

- Development of awareness and public trust;
- Access to finance;
- Legal structure;
- Capacity building and support; and
- The major players (often referred to as intermediaries accelerators).

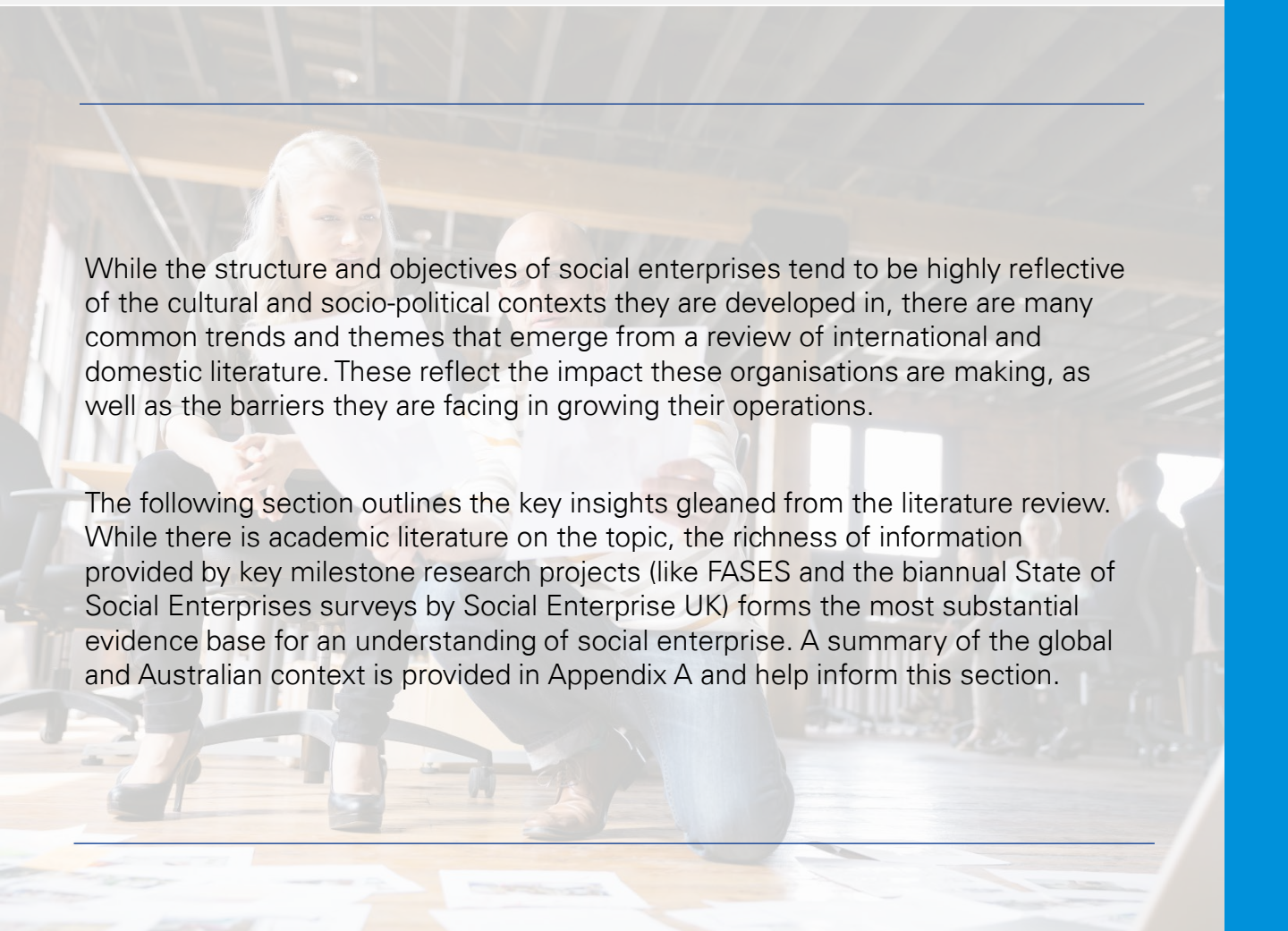
While these are the dimensions or key characteristics of the environment needed for a social enterprise to help it succeed, we have used a definition of the ecosystem to capture the other key organisations and entities that assist the social enterprise sector (that is those that might provide or help to facilitate these dimensions). A summary of these organisational types and some examples are provided in Figure 5. These have also been included in the mapping process where they are active (and identified) in the Queensland market.

Figure 5: Social enterprise ecosystem types

Social Enterprise Ecosystem	Australian Examples
Funding bodies dedicated to social enterprise and social venture support	Social Ventures Australia, Foresters Group, SEFA.
Accelerators and incubators committed to help grow and develop social enterprises in their start-up phase	Impact Academy, Impact Boom, Incubate, The Difference Incubator, Germinate Program, Social Change Central (online opportunity platform).
Education providers/ capability development providing a qualification specific to social enterprise or social entrepreneurship	Excellerator/ Incubator – Australia’s Start-up School; Social Enterprise Academy (ACRE).
Social enterprise networks including local, state national or online networks that seek to support social enterprises through mentoring and collaboration	Including local government networks (e.g. Social Enterprise Network Sunshine Coast); state-wide networks or associations (e.g. Queensland Social Enterprise Council).

Source: KPMG 2018

Key Insights From The Literature



While the structure and objectives of social enterprises tend to be highly reflective of the cultural and socio-political contexts they are developed in, there are many common trends and themes that emerge from a review of international and domestic literature. These reflect the impact these organisations are making, as well as the barriers they are facing in growing their operations.

The following section outlines the key insights gleaned from the literature review. While there is academic literature on the topic, the richness of information provided by key milestone research projects (like FASES and the biannual State of Social Enterprises surveys by Social Enterprise UK) forms the most substantial evidence base for an understanding of social enterprise. A summary of the global and Australian context is provided in Appendix A and help inform this section.

Key Themes – Understanding Social Enterprise

1 – There is a long standing tradition of social enterprise concepts, but the idea wasn't formalised until the 1990s.

Despite early examples of what could be considered social enterprises appearing as early as 1902 (i.e. Goodwill Industries in the US, Social Enterprise Alliance), the sector began to develop in a coordinated way in the 1990s when a combination of economic and political hardships, as well as the declining role of religious organisations, created a need and opportunity for a different kind of social organisation to emerge or be more clearly defined (Defourny & Nyssens, 2010).

The country profiles provided in Appendix A illustrate how and when the private sector began responding to social needs. In South Korea, the sector was driven by social needs created from the post-industrial economic downturn in the 1990s, while Canada had a history of citizen-based collective initiatives before the sector formalised in the early 2000s. In Australia, the social enterprise movement has been founded in cooperative and community-owned business models. Not-for-profits have also played a key role in shaping contemporary social enterprise in Australia from the 1990s. However, it is only fairly recently that private for-profit social enterprises have grown and developed in the Australian social enterprise market (Barraket et al, 2017).

2 – Social enterprises are more likely to provide services.

Overwhelmingly, the provision of services (rather than the sale of goods) is the core business of social enterprises in developed economies. The State of Social Enterprise survey in the United Kingdom (UK) found that 68% of social enterprises were selling services for a fee (Social Enterprise UK, 2017), mirrored by 68% of Australian social enterprises in the FASES report (Barraket et al, 2016), 69% in Victoria (Barraket et al, 2017) and slightly higher at 74.3% in Tasmania (Eversole & Eastley, 2011). It is understood that social enterprises in developing countries may be more likely to trade goods than services.

In terms of what services are provided, they differ among jurisdictions and it is difficult to paint a global picture due to definitional differences of industries. However, some commonalities include the cultural, art and recreation, and healthcare and social assistance sectors (Social Enterprise UK, 2017; Barraket et al, 2016; Barraket et al, 2017; Eversole & Eastley, 2011).

3 – The number of social enterprises is growing rapidly...

Growth of social enterprises in recent years has been significant. The proportion of entities younger than 5 years is 39% in the UK, having seen strong growth in the first half of this decade (Social Enterprise UK, 2017). The FASES report regarding Australian social enterprises in 2016 found that 33.8% of the sample were between 2 and 5 years old (Barraket et al, 2016). As the sector has grown, so too has the infrastructure around it with more and more options for alternative financing and other supports. This in turn has permitted further growth (Barraket et al, 2016). It is noted there are a large number of start-up organisations in the social enterprise sector, and as with all start-ups many do not survive two years. This may be driving the perceived recent growth of the sector without taking into account business longevity.

Key Themes – Understanding Social Enterprise



... but some markets are more mature than others.

Despite a widespread perception that social enterprise is relatively new conceptually, a large proportion of organisations have been in operation for ten years or longer. In Victoria, half of social enterprises surveyed were ten years old or older (Barraket et al, 2017) and in Tasmania this number is as high as 57.4% (Eversole & Eastley, 2011). The proportion of mature organisations is slightly lower at a national level, with FASES reporting 38% of entities being ten years or older, down from 62% in the 2010 survey (Barraket et al, 2016). In the UK, this number is 40% (Social Enterprise UK, 2017).

Figure 6 illustrates an understanding of market maturation that can be applied to the social enterprise sector (Freireich et al, 2009). Although there is no universal classification of the level of maturation and sustainability of a jurisdiction’s social enterprise sector, different stages of maturity and industry evolution established in related research can provide insight into the transitions.

Figure 6: Stages of market development



Source: KPMG 2018 modified from Freireich, J., and K. Fulton. 2009.

Key Themes – Understanding Social Enterprise

For its understanding of the social enterprise sector, this Report utilises the stages of market development established by the Monitor Institute. This framework suggests that social enterprises begin in the “uncoordinated innovation” stage and reach the final stage of “maturity” once they are established and sustainable players in the market (Freireich and Fulton, 2009). Although this conceptual framework was developed for the impact investing market, it provides an applicable and business-centred lens for understanding social enterprise development.

Social enterprise is still largely considered an “emerging market” in most countries, so most markets can be placed in the “uncoordinated innovation” stage. This stage is characterised by enterprises of different sizes, focuses and maturation levels. In situations where the social enterprise sector is more established, they may be placed in the “marketplace building” stage, which is characterised by the establishment of networks, hubs and other infrastructure. What this generally demonstrates is an acknowledgement for (or demonstration of) support for social enterprises, with a growing proportion entering the maturity phase of development and looking to secure the sustainability of their entities and plan for the long-term (Burkett, 2010). This understanding of the market evolution is helpful at all levels of government.



Social enterprises are diverse employers.

Whether diverse opportunities form an explicit part of their social mission (with many social enterprises set up explicitly to combat barriers to employment), or simply by virtue of the nature of the work they undertake, social enterprises tend to hire more diversely than traditional organisations.

This is true of gender diversity, with high proportions of social enterprises being led by women – up to 50% in Victoria (Barraket, 2017) and 41% in the UK (Social Enterprise UK, 2017). In addition, social enterprises are more likely to hire people from culturally diverse backgrounds, as well as those facing other employment barriers like disability or mental illness (Barraket, 2017; Social Enterprise UK, 2017). Over 30% of employees in social enterprises surveyed in Victoria were from a marginalised background (Barraket, 2017). Furthermore, many are providing unpaid or informal career pathway opportunities for marginalised groups (Barraket, 2017).



Social enterprises emphasise place and community.

Despite operating in many different industries, social enterprises tend to be highly place-based, operating at a local community level. This is reflective of the fact that many emerge in response to a direct perceived need in a particular community (Duniam & Eversole, 2013). This manifests in a number of different ways with some focussing their attention on providing a community directly with their chosen goods and/or services. Others serve their community by providing opportunities for people to engage with their communities (Barraket et al, 2016).

According to FASES, 44% of Australia’s social enterprises want to create opportunities for people to participate in their communities (Barraket et al, 2016) while this number was 57.7% in Tasmania specifically (Eversole & Eastley, 2011). In Victoria, 41% of social enterprises focus on a particular community (Barraket et al, 2017) while in the UK 34% operate at a neighbourhood level (Social Enterprise UK, 2017).

Key Themes – Understanding Social Enterprise



Not all social enterprises are ‘investment ready’.

Like many businesses, not all social enterprises have the capacity and financial savviness to benefit from, and maximise, the different finance streams available such as crowd funding and private philanthropy support. It is important to note the close relationship between a social enterprise’s structural maturation and its ability to benefit from certain types of investment and capital support. These two frameworks together demonstrate how a social enterprise must reach a certain level of stability before it can benefit from capital support from development or equity finance. The understanding of the development and implementation stages required for an individual social enterprise is helpful for government as it illustrates, at a micro-level, the specific areas that policy and legislation can target (market awareness, capacity building, business development and so on).

Development at the organisational level

Often the development of a social enterprise will begin with identification of a social need and progress from there. A review of relevant literature suggests that there are five conceptual stages of initial development for a social enterprise before it becomes operational (Munoz et al, 2015). Although the stages were developed from a study of community-led social enterprise development in rural areas, it still provides a structure for the formation of a social enterprise that can be applied to other contexts, as displayed below.

1. **Legitimacy.** Organisation founders promote the concept of social enterprise and build community trust and confidence in the social enterprise.
2. **Needs/opportunity recognition.** Social enterprise leaders identify a social need in the community, brainstorm possible solutions and develop actionable ideas. This can be done with community involvement or as an independent venture.
3. **Group coalescence.** Social enterprise leaders continue to generate enthusiasm and support for their organisation. This increases overall ‘market awareness’, which is one of the dimensions of the social enterprise ecosystem.
4. **Organisational establishment.** Organisation identifies the skills and resources needed and develops the business plan. This is a key step in social enterprise formation, and forms the core of the ‘capacity building’ social enterprise ecosystem dimension.
5. **Social enterprise is operational.** Social enterprise begins to generate revenue and deliver services. At this stage, it is considered operational but not sustainable. A social enterprise can still fail after attaining this stage of initial development.

These levels of social enterprise conceptual development align with the financial phases needed to support a social enterprise as proposed in a report commissioned by Foresters Community Finance and Social Traders in 2017 (Burkett, 2017). The report also identifies five key stages, each with specific activities and financial inputs shown in Figure 7 on the next page.

Key Themes – Understanding Social Enterprise

Figure 7: Key Sources of capital across the enterprise lifecycle

1. Pre Start-Up Phase	2. Start-Up Phase	3. Development Phase	4. Growth Phase	5. Maturity Phase
<ul style="list-style-type: none">Sweat equityCrowd-fundingInternally sourced funds	<ul style="list-style-type: none">Sweat equityCrowd-fundingVenture philanthropy and capitalGrants	<ul style="list-style-type: none">Venture philanthropy and patient capitalDevelopment finance (introductory debt finance)	<ul style="list-style-type: none">Debt and/or equity finance with commercially comparable rates and terms	<ul style="list-style-type: none">Movement toward mainstream finance

Source: KPMG 2018 adapted from Burkett, I., 2017.



There are a number of related terms which can cause confusion.

As the social enterprise sector continues to evolve, there are several terms that are often used interchangeably or in similar applications though they refer to different concepts. Figure 8 below summarises some of the most commonly used terms in order to differentiate how they should be applied, and provides examples from the Australian and global ecosystems.

Figure 8: Related terms in the social enterprise sector

Term	Explanation	Examples
Social Enterprise	A social enterprise first and foremost operates in service of a mission consistent with some social benefit, utilising business and market tactics to achieve that end. Social enterprises are often considered to have a “double bottom line”, referring to both its revenue goals and social impact goals. This term has its roots in the history of corporate social responsibility, and the transition of for-profit entities towards prioritisation of social goals (Barraket, et.al. 2010; Eversole & Eastley, 2011).	<ul style="list-style-type: none">Atira Property Management: In 2013 this Canadian social enterprise was calculated to generate \$3.69 in societal value for every dollar of revenue earned (Ernst & Young, 2013).
Social Entrepreneurship	“Social entrepreneurship” tends to refer to a novel and innovative approach that bridges the disconnect between market value and social value using business or trade as a tool. Social entrepreneurship does not always refer to discrete businesses or organisations but can even be used to discuss novel mechanisms of funding social impact projects. This term is often associated with innovation, creativity and the ‘startup’ culture (Gordon Institute, 2018; Martin & Osberg, 2007).	<ul style="list-style-type: none">Grameen Bank: This bank in Bangladesh provided micro loans to especially marginalised individuals. It was founded by social entrepreneur Muhammad Yunus as a way to serve populations that could not qualify for traditional loans resulting in a stable equilibrium of endemic poverty. This work was so impactful that it was awarded the Nobel Peace Prize in 2006 (Martin & Osberg, 2007).
Social Procurement	Simply put, “Social procurement can be understood as the use of purchasing power to create social value” (Barraket & Weissman 2009). Typically applied to the public sector, this term has come into use in order to ensure that social considerations are taken into account in addition to the more traditional economic and environmental considerations common in procurement strategies around the world since the 1970s (Hamilton, 2014; LePage, 2014).	<ul style="list-style-type: none">International Olympic Committee (IOC): Sustainability is one of three pillars of the IOC’s Olympic Agenda. The 2010 Winter Olympics in Vancouver required that all bids for construction of the Athlete’s Village provide employment opportunities to low-income residents from the nearby downtown eastside (Hamilton, 2014).
Social Impact	Considerations of an enterprise’s social impact often include which communities and stakeholders are affected, sustainability or longevity of a project, economic outcomes, and environmental consequences. Because many outcomes are difficult to quantify, comparisons of priority and magnitude can greatly differ among institutions (See Ahead, 2015; Teach for Hong Kong, 2016).	<ul style="list-style-type: none">Social Return On Investment (SROI) RatioU.S. National Environmental Policy Act of 1969: Legislation in the US that required every federal agency to produce an Environmental Impact Statement which includes a Social / Socio-Economic Impact Assessment.

Source: KPMG 2018



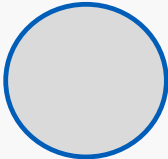
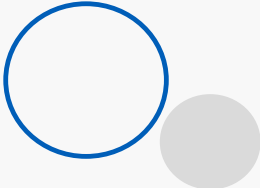
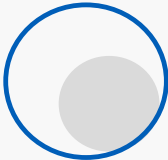
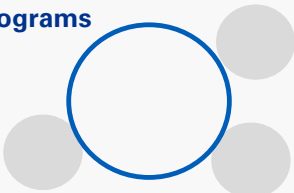
Key Themes – Understanding Social Enterprise

9

Different models of social enterprise create challenges for national governance and relative comparison.

The impact of the political system is also demonstrated through the variety of models of social enterprise that have emerged. Figure 9 below demonstrates the different governance structures for corporate and not-for-profit models of social enterprise. The literature scan illustrated that jurisdictions around the globe can have different legal, corporate and financial frameworks in which a social enterprise is identified or established. Because these structures differ across jurisdictions, comparison and measurement can be difficult (Defourny & Nyssens, 2017).

Figure 9: Overview of social enterprise structures

Model/Structure	Explanation/Definition
Independent Social Enterprise/Social Business 	<ul style="list-style-type: none">Individual enterprise is operating to fulfil a specific mission and vision.The enterprise does not engage in traditional service delivery.Start-up capital typically comes from non-government/non-foundational means, such as crowd-funding or a venture philanthropist.
Interdependent Enterprise with not-for-profit organisation 	<ul style="list-style-type: none">The social enterprise is in a governance relationship with a larger entity, such as an NGO or government institution.The social enterprise and not-for-profit are separate legal entities and usually have different company structures.The idea is usually conceptualised within the not-for-profit entity.The social enterprise may receive financial or ‘in kind’ support from the related not-for-profit but it also generates its own income.
Enterprising not-for-profit organisation with Social Enterprise Activity 	<ul style="list-style-type: none">The not-for-profit is operating some, but not all, of the social enterprise activity, such as fee for service programs.The social enterprise’s activity shares the same branding as the core not-for-profit organisation.The social enterprise has the same legal structure as the not-for-profit.The enterprise’s income is a mix from the self-generated income and government funding.
Not-for-profit organisation with Social Enterprise Programs 	<ul style="list-style-type: none">The not-for-profit organisation runs multiple social enterprises under one legal structure.The social enterprises are branded separately from the core not-for-profit organisation.The enterprise’s income is a combination of government funding and self-generated income.

Source: KPMG 2018 derived from Burkett & Drew, 2012.

Key Themes – Understanding Social Enterprise



Social enterprises can fill gaps left by government and other institutions.

Social enterprises aim to be responsive to the needs of communities - it is a fundamental part of their origin. For this reason, their development is highly shaped by the systems in place around them, particularly the political systems. In countries where government welfare structures and social safety net services are weak, social enterprises have tended to take on deep, structural issues like unemployment and economic development (Mendell, 2007). In others that have relatively strong networks of welfare support provided directly by government, there is a higher proportion of organisations that provide what could be considered 'non-essential' services in the culture and recreation sectors, such as talent development and employment opportunity creation (Defourny & Nyssens, 2010).

The development of the social enterprises sector in Australia has been slowed by community expectations that government will provide certain services (Barraket et al, 2016). However, in a jurisdiction in which government provides a wide range of services to citizens, social enterprises are able to engage with communities in a more direct and localised way.



Though government participation in the sector looks different among countries, the private-public intersection has a net positive benefit.

As illustrated more extensively in the country profiles later in this Report, one common trend observed in the past decades is a correlation between economic downturns and an increase in government interest in social enterprise as it is no longer able to respond to the increase in population needs. Some governments such as South Korea and Scotland institutionalised the sector, while others such as Hong Kong and Canada focused on providing greater funding and grants. All approaches have resulted in growth and progress in the social enterprise sector.

In addition, governments increased action in installing greater legal and financial structures for social enterprise sectors. A notable global trend was the rise in social procurement practices within government. The 1970s was the first time that public discourse focused on the need for government to consider environmental impact during its procurement process (LePage, 2014). In an attempt to spur further innovation through financial incentive, governments began to assess the broader social value of the organisations involved in their procurements process. For example, in 1988 the State of New York in the US implemented a "Minority- and Women-Owned Business (MWBE)" law that required a minimum of 30% of all State government contracts to be awarded to MWBE companies (Freedman, n.d.). Similarly, the "Sustainable procurement duty" within Scotland's Public Procurement Law, requires that all government authorities consider how they can "improve the economic, social, and environmental wellbeing of the... area, facilitate the involvement of small and medium enterprises... and promote innovation" (UK Legislation, 2014).

However, this increase in social procurement policies is not without some inherent risks of fraud and abuse. Without clear eligibility criteria and guidance, strong oversight and extensive transparency, these systems have the potential for abuse. In less mature jurisdictions, there is also the risk that it becomes a proxy for local protectionism under the guise of community development (LePage, 2014). To summarise, the social enterprise sector still needs to work out how to balance government's response between over-standardising and allowing flexibility to address local needs.

Key Barriers

Much of the literature studying social enterprises has attempted to address the key barriers to growth and sustainability that these organisations face. These barriers are remarkably consistent across jurisdictions and publications, but care is needed in taking into account the different origins and journeys of each social enterprise. The key barriers identified through the literature review are set out below.



Financial barriers

Social enterprises have a tendency to cling to their status as commercial businesses and can be reluctant to seek financial support from government and philanthropic donors (Burkett, 2010).

Despite this, many face challenges not only in securing capital for start-up and growth, but in financing ongoing operations depending on their origins. Ongoing operational demands can be difficult for social enterprises to meet due to the large salary cost base that these entities often carry (Social Enterprise UK, 2017; Barraket et al, 2017). Charities which become social enterprises often have difficulties with commercial business models, while organisations which have their origins in commercial business are often not as good at understanding social programs or measuring social value.

One significant challenge social enterprises face is that unlike other small to medium enterprises, they often find it difficult to obtain financing from traditional sources like the banking sector. The banking sector can be unwilling to lend to start-up social enterprise organisations that may be perceived to carry a relatively high risk profile, are unable to build strong business cases, are unable to demonstrate success in previous ventures and are lacking robust financial projections (Indigenous Business Australia, 2016).

Moreover, commercial lenders may be unable to cater to the specific needs of social enterprises that operate on a different life cycle from traditional small businesses. This is described in the research undertaken by Burkett (2010) as *“journeys were frequently punctuated by fits and starts (particularly at the early stages); that there were more than occasional crises of revenue; and that the progression of the enterprise was often non-sequential rather than sequential, at times involving devolution, not just evolution”*.

The primary financing options available to social enterprises are (noting that many have a blended approach using different combinations of these financing options):

- **Government funding**

This is direct support from government in the form of grants or donations. While the UK has an established program of grant funding for social enterprises, much less support is available in Australia with many social enterprises complaining that they have more limited options for grant funding than other traditional small businesses (Barraket et al, 2016).

Until July 2016, the Commonwealth Department of Jobs and Finance oversaw the Social Enterprise Development and Investment Funds (SEDIF) initiative (Department of Jobs and Small Business). However, it did not provide direct funding for the sector. State governments have also sought to grow the sector through investment, for example in both Western Australia and Victoria.

Key Barriers

• Philanthropy

Philanthropy has formed the key source of support for social enterprises in countries like the US (Mendell, 2007). However, in Australia, with a stronger government presence in social welfare funding, philanthropic networks are still maturing (Barraket et al, 2016). This means, at present, opportunities for social enterprises to raise capital through large-scale donations are not as developed as some other countries, for example, the US.

• 'Social' finance sector

An emerging source of funding is finance operations which target social and community businesses specifically. In Australia, businesses like Foresters Community Finance, Social Enterprise Finance Australia, and Social Ventures Australia provide finance through the SEDIF initiative (Department of Jobs and Small Business, 2018). In other parts of the world, organisations like the Bill & Melinda Gates Foundation offer loan guarantees to support social enterprises in securing commercial funding (Gordon Institute of Business Science & Flanders State of the Art, 2018).

• Crowdfunding

Crowdfunding is a broad term encompassing a variety of instances in which new ventures are funded using a large group of individuals. This is juxtaposed with traditional funding mechanisms whereby capital is acquired through more traditional routes such as banks, venture capitalists, or angel investors (Schwienbacher & Larralde, 2010).

New ventures can include for-profit companies, novel products, social projects, or even donations to individuals overcoming hardships. The concept behind crowdfunding is that an open call over a medium such as the internet is made in order to solicit capital from the public at-large, either in the form of a donation, or in exchange for a reward such as exclusive access to products or even voting rights within the organisation being funded (Mollick, 2014).

The increasing popularity of crowdfunding in the 21st century has come as a result of the ease by which it can be achieved over the internet through a variety of 3rd parties such as ArtistShare, Indiegogo and Kickstarter (Freedman & Nutting, 2015). Within the context of social enterprises, crowdfunding has been an innovative solution in response to the tightening of traditional funding streams, but it is limited by an enterprise's ability to develop and hold public interest and report on impact measures (detailed in the final barrier listed in this Report, 'Difficulty demonstrating impact and value').



Lack of business 'know how' and skills gaps

Founders of social enterprises may have passion for their mission and even deep expertise in their particular industry of operation. However, what can be lacking is business knowledge. This partly manifests in the financial barriers identified above where apart from finance not being available, those leading social enterprises may not be aware of where to find it or how to put together an effective case to secure it if they do.

Key Barriers

Further than that, even if they receive funding, some are unable to use it effectively to grow and sustain their business (Indigenous Business Australia, 2016).

The Tasmanian social enterprise survey found particular concerns around the ability of leadership of social enterprise to implement good financial and governance models, as well as manage their regulatory requirements (Eversole & Eastley, 2011). Participants in the FASES workshops raised the issue that those who work at social enterprises need to be able to navigate the NGO, private and government sectors (Barraket et al, 2016). More than just business acumen, social enterprises need leaders who can operate in these very different spaces.

At a broader level, unable to offer highly competitive salaries, social enterprises can find difficulties in attracting and retaining staff with the skills they need. This is particularly true of marketing and branding skills, as well as technological skills (Social Enterprise UK, 2018). In the Victorian survey, a lack of resources devoted to marketing was identified as the largest barrier to growth for 54% of businesses (Barraket et al, 2016).

In the UK, a number of universities are looking to help social enterprises overcome this barrier through specific and targeted programs aimed at developing the skills needed. These include Cambridge Social Ventures at the University of Cambridge (Cambridge Social Ventures, 2018) and the School for Social Entrepreneurs, which also operates in Canada and India, running courses to teach social entrepreneurs practical business skills (School for Social Entrepreneurs, 2018).



Difficulty demonstrating impact and value

Like any business, marketing and branding are key success factors for social enterprise. In a similar capacity, a lack of understanding and distrust among consumers around what the social enterprise is delivering can also be considerable barriers to expansion. The Victorian Government's 'Map of Impact' survey of the Social Enterprise Sector in 2017 revealed that 32% of social enterprises believed that consumers underestimate the quality of their work, and 38% of social enterprises surveyed believed that consumers had 'limited awareness of the social value' of their business (Castellas et al, 2017).

Beyond their brand, the ability to articulate the value that social enterprises generate for their target beneficiaries is essential both for public perception and for their ability to secure government funding or other philanthropic support. Many funding and grant programs are requiring proponents to demonstrate the value that their proposal generates, social or otherwise (Social Enterprise UK, 2017). In the FASES survey, 64.3% of recipients identified the lack of affordable methods to measure social impact as a barrier to the achievement of their objectives (2016). There are no agreed upon methodologies in Australia that social enterprises can draw on to measure impact (Barraket et al, 2016). A similar consideration and growing requirement is the ability for social enterprises to maintain internal monitoring practices and consistently report on metrics.

Key Barriers

While still imperfect, there are emerging approaches to measuring the impact of social enterprises, summarised below.

The **Social Return on Investment (SROI)** was a concept developed in the US that has been gaining global traction as one potential way to measure social impact (Salverda, n.d.). The SROI is a form of cost-benefit analysis in that it is a ratio of investments (inputs) over the financial, social and environmental returns (Salverda, n.d.). While the concept is relatively simple, the challenge lies in the ability to accurately quantify certain social and environmental impacts. Some organisations propose the use of proxy indicators such as calculated values for access or usage of services, though there is the risk that proxies will overstate values and some outcomes such as 'quality of life' are still difficult to quantify (SEE Ahead, 2015).

To date, the only government to centrally measure SROI for social enterprises is the Government of Hong Kong (Kee, 2016). In 2009, the Government of Hong Kong developed the Social Impact Assessment Tool (SIAT), a measurement of social enterprise impact in Hong Kong (Teach for Hong Kong 2016). The tool evaluates the following dimensions of a social enterprise ("SEBC 'Social Impact Assessment'", n.d.):

- **Financial sustainability** – Ability to retain cash supply and pay off expenses;
- **Recipient benefits** – "Measure of tangible and intangible benefits created for beneficiaries, such as number of training hours, skill advancement, and self actualisation";
- **Employment** – Number of jobs and employee profile;
- **Outplacement** – Ability to return to labour market (specific to employment services);
- **Community Engagement** – Measure of community awareness and public support; and
- **Volunteer Force** – Volunteer involvement measured in contributing hours and expertise.

The **Social Audit Network (SAN)**, also known as **Social Accounting and Audit (SAA)**, offers another standardised approach to measuring impact, although it does not allow for relative comparison across the sector (See Ahead, 2015; Teach for Hong Kong 2016). The auditing process is broken down into four main phases: identify mission; recognise quantitative and qualitative measures (including stakeholder input); collate information; and independent verification from third party and release of social audit statement. This method is often used for corporate social responsibility reporting (Teach for Hong Kong 2016).

Queensland State of Play

In order to assist the social enterprise sector in Queensland, it is important to know the size and scale of the sector. This section presents a point in time analysis (as at February 2019) of the state of play of social enterprise in Queensland. This includes: a mapping of their geographic location within Queensland; the types of social enterprise sites (including the ecosystem that supports the sector); the regional areas of Queensland in which they are located; the communities in which they work; their legal structures; and the industries in which they trade.

Key findings:

- **276 social enterprise or social enterprise ecosystem organisations** have been identified within the State of Queensland across a total of **412 site locations**.
- This includes **229 social enterprises** mapped across **363 site locations** across Queensland, including **30 social enterprises** which use online platforms or where the geographic location of their activities could not be identified;
- **47 social enterprise ecosystem** organisations were identified, which are located across **49 sites** (where 8 of the 47 could not be mapped);
- Within the social enterprises mapped, there are **12 multi-site social enterprises** (>3 locations), spread across **157 identified sites**; and
- The Queensland Statistical Area 4 (SA4) regions of **Brisbane Inner City, Cairns, Logan – Beaudesert, Queensland – Outback, and Sunshine Coast** have the highest number of identified social enterprise sites (≥ 25).

Regional profiles of the mapping are included in Appendix C.

Mapping Methodology

A key aspect to developing the state of play of the social enterprise sector in Queensland is the identification of social enterprises, noting that there is no single repository or feature that allows these types of organisations to be easily pinpointed. Social enterprises have been captured in a Database of Queensland Social Enterprises.

Alignment to the definition

The first factor in this identification is the agreed definition of what constitutes a social enterprise. A set of criteria were developed for inclusion/exclusion of organisations for the mapping process. These were:

- Must meet the definition of a social enterprise (including requirements around social purpose, an ability to generate revenue from the sale of goods or services in an open market, and reinvestment of profits back into the business);
- The business must be located in Queensland, or have office locations in Queensland for national and international businesses. It is noted that with this criteria, organisations may serve communities outside of Queensland, and may conduct their business online and not have a specific office location but must still be Queensland based; and
- The business must remain trading (noting that some businesses may be identified from historical lists and have since ceased operation).

A multi-phased desktop process to identification

The identification of these social enterprises has been undertaken using a multi-phased desktop approach from public information, which used a form of snowball sampling to identify as comprehensive a list as possible. In practice, this included:

1. Identifying organisations that self-identify as a social enterprise through local social enterprise ecosystems and the Queensland Social Enterprise Council. This has included searches of Jobs Queensland, Queensland Councils of Social Services, Micah, Social Traders, Community Services Industry Alliance, Social Impact Measurement Network Australia, Social Ventures Australia and Impacting Investing Australia;
2. Identifying social enterprise organisations through local government networks that have been established to support start-up social enterprises including those receiving grant funding and other supports. Examples include organisations supported through the Social Enterprise Program being run by the Brisbane City Council, members of groups including for example the Social Enterprise Sunshine Coast Regional Forum, and the Independent Social Enterprise Network Logan. It is also noted that in some cases a parent organisation may not meet the definition (often in the case of charity organisations) but they may run a social enterprise which has been captured;
3. Identification of social enterprise ecosystem organisations including incubators and accelerators (as listed in steps 1 and 2);
4. Identification based on well known large social enterprise organisations. Key examples include programs run through Red Cross Australia, St Vincent De Paul, Endeavour Foundation, Lifeline Retail. All locations for these large multi-site organisations have been included where the program meets the agreed definition (noting that charitable aspects have not been included); and
5. A key last stage after this process has been to exclude those social enterprises which may self-identify but not meet the definition agreed for this project. This seeks to remove those which inadvertently falsely positively identify.

Mapping Methodology

Key information features for analysis

A number of key features for each social enterprise have been captured to help profile the sector in Queensland. The following key data was sought as part of the development of the Database of Queensland Social Enterprises:

- The name, location and key contact details of Queensland social enterprises. This includes office locations across Queensland and email addresses and/or phone numbers where publicly available (through the organisation's website);
- The social purpose of the organisation, including the key beneficiaries of the enterprise;
- The regional location (classified using the Statistical Area 4 regions), and based on the longitude and latitude of the office location(s);
- The industry type of the social enterprise (coded against the Australia and New Zealand Standard Industry Classifications (ANZSIC);
- The legal structure of the social enterprise;
- The enterprise age, economic value and maturity;
- The number of people engaged in each social enterprise by mode of engagement (e.g. paid, part-paid, voluntary, other);
- The revenue streams of each social enterprise; and
- The local social enterprise network within which the organisation is a member (if applicable).

The information gathering process

The information regarding each social enterprise has been gathered using a three key data sources.

1. Publicly available information from the social enterprise website and/or annual report. Some of this information was limited because most identified social enterprises do not have a published annual report and, even where they do, they infrequently provide information about their workforce composition, legal structure or revenue streams;
2. A search of the organisation on the Australian Business Register using their ABN lookup function. This provides publicly available information supplied by businesses when they register for an ABN. This has been particularly useful to identify the legal structures of organisations (at least when they were first established); and
3. A survey released to identified social enterprises. This survey was used to help validate collected information, and complete gaps in information from the first two stages of inquiry.

Limitations

It should be noted that due to the low response rate of the survey, details pertaining to commercial information for the social enterprises was difficult to obtain and capture within the database. Other public data sources (e.g., annual reports) are usually not available for social enterprises and therefore other methods to obtain this information could not be consistently utilised. As such, it is expected that further exclusions of social enterprises currently included within the database would be likely should such information become available.

Furthermore, the majority of this data collection has occurred through online sources and social media presence, thus, the current counts have been produced as an initial representation of the state of play with additional social enterprises expected to exist across Queensland.

Overview

While quantification of the social enterprise sector in Australia has been made (estimated at 20,000 in the FASES report 2016), there has previously been no comprehensive identification of the size and scale of the sector in Queensland. It is noted that the FASES findings of the size and scale of the sector are based on a very broad definition of social enterprise, which leads to a significantly higher estimation of the size of the sector than using a narrower interpretation of the definition (as has been used for this Report).

The mapping of the Queensland state of play of social enterprises includes not only mapping of organisations which are social enterprises, but also organisations that support the growth, funding or acceleration of the sector.

To initially identify social enterprises and to then obtain information about the characteristics of the sector, a multi-phased approach has been undertaken as outlined on the previous pages. This has been recorded in a Database of Queensland Social Enterprises. It should be noted that the 203 social enterprises were initially identified in December 2018, and this was further refined in January and February 2019 based on feedback from the sector and as survey responses became available. This has led to a total of 276 social enterprises being identified with 229 categorised as social enterprises and 47 are categorised as ecosystems. As is discussed in Part B, it is expected that the figure representative of social enterprises (229) under-reports the true size of the sector.

Initial geographic mapping of social enterprises across Queensland

Through collection of office addresses, regional area and longitude and latitude, social enterprises have been mapped across Queensland. This has allowed a state-wide snapshot of the location of the social enterprises. A detailed drill-down into the regional profiles (at a Statistical Area 4 level – SA4) is available in Appendix C. To provide an accurate reflection of the social enterprise ecosystem within Queensland, each social enterprise has been categorised into three types, including:

1. Unique Social Enterprises – social enterprises which have a single site of operation in Queensland;
2. Large Multi-Site Social Enterprises – social enterprises which have three or more site locations across the regions of Queensland; and
3. Enterprises that are regional and/or industry specific social enterprise networks or groups (including local council), incubators or accelerators of social enterprises, or dedicated funders of social enterprises in Queensland.

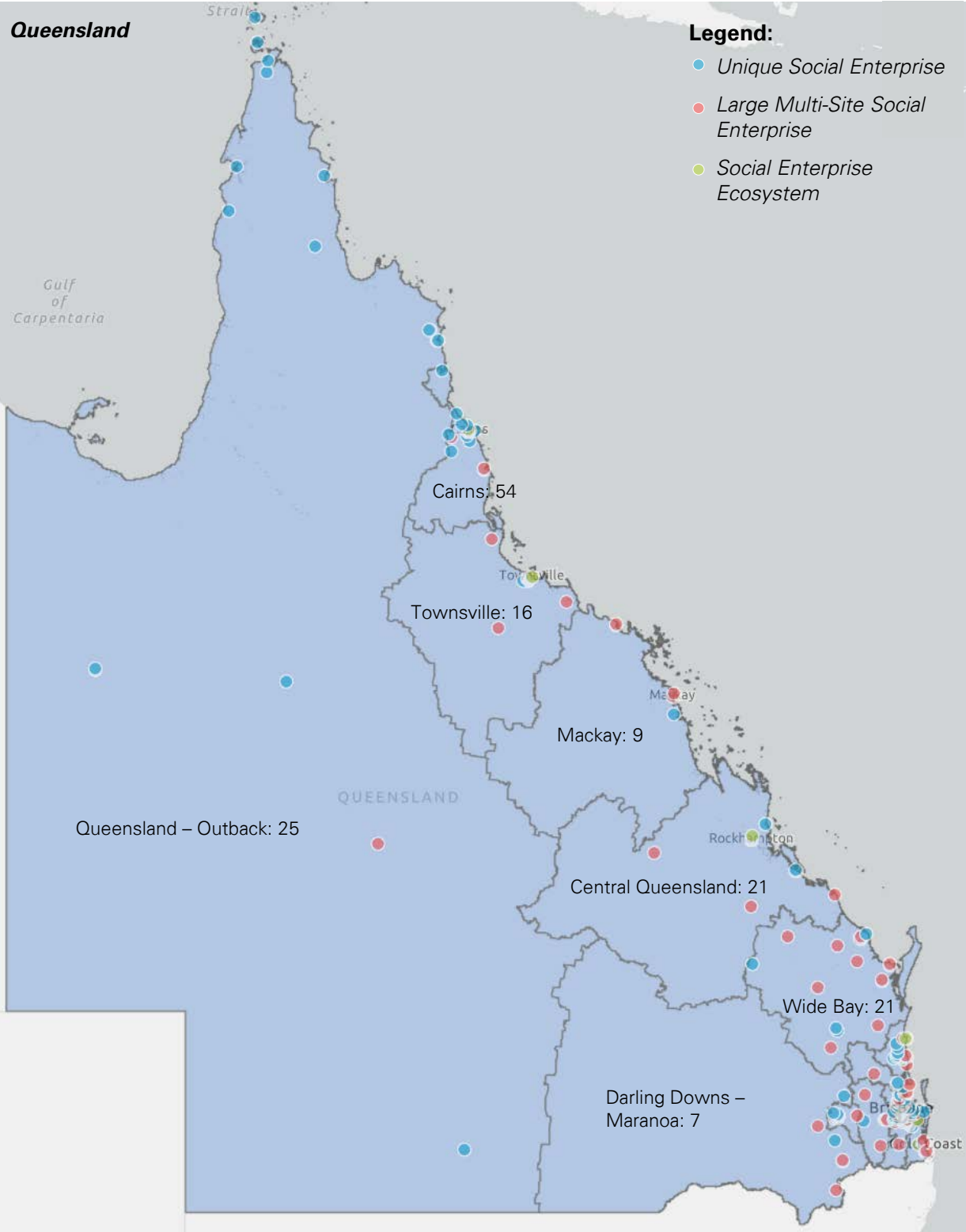
Statistics and trends of social enterprise site mapping

A total of 276 social enterprises and ecosystem supports have been identified to have a presence within the State of Queensland. Of this, 78.6% (217) are single or two site social enterprises, 4.3% (12) are large multi-site social enterprises (3 or more locations), and 17.0% (47) are identified as part of the Queensland social enterprise ecosystem.

Of these 276 social enterprises, 38 are based online or have limited to no information available over online platforms or social media to identify their location. The remaining 238 (187 unique social enterprises, 12 large multi-site social enterprises and 39 social enterprise ecosystems) have been mapped to 412 sites across Queensland as depicted in the state-wide view overleaf. Of the 412 sites, 50.0% are unique social enterprise sites, 38.1% are multi-site social enterprise locations and 11.9% have been categorised as part of the social enterprise ecosystem.

The Queensland Profile

Figure 10: Social enterprise site locations in Queensland (n=412)



Note: 38 of the 276 social enterprises identified could not be geographically mapped as they operate through an online portal or had limited / no information available

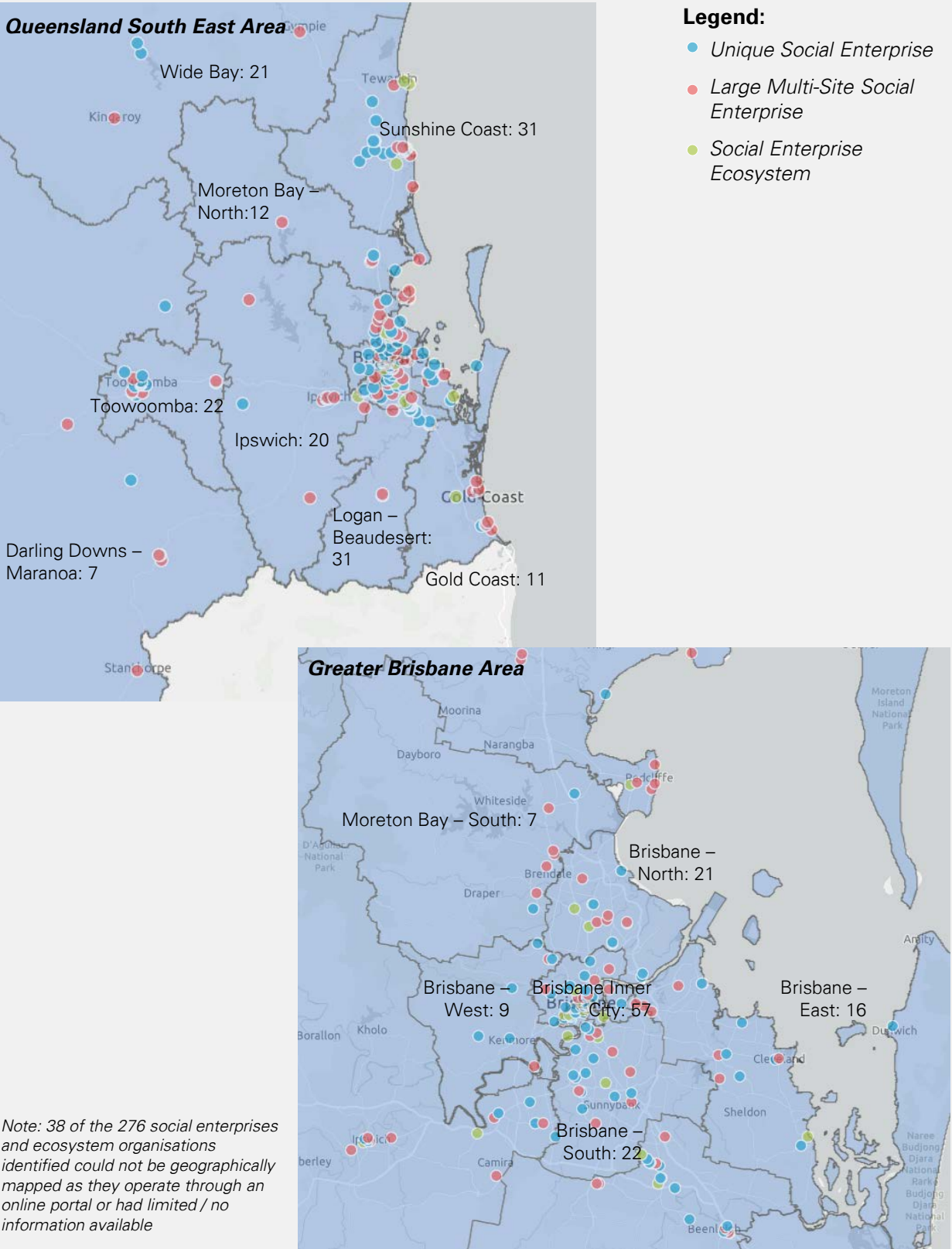
Source: KPMG 2018



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The Queensland Profile

Figure 11: Social enterprise site locations in Queensland (n=412)



Source: KPMG 2018



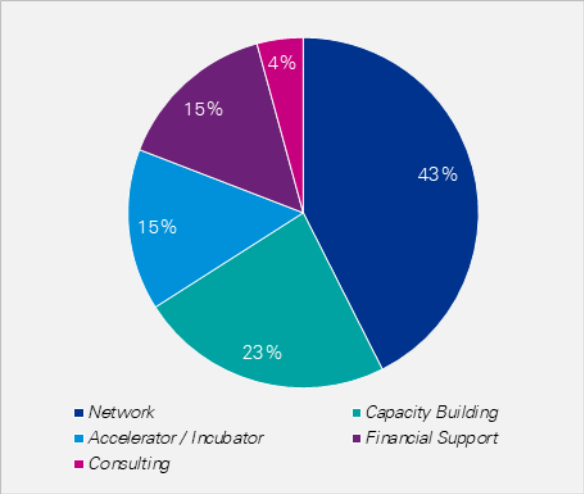
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The Social Enterprise Ecosystem in Queensland

Ecosystem organisational structure

There are 47 identified unique organisations that support the social enterprise ecosystem. These organisations operate across 57 locations in Queensland. A total of 55 of these ecosystems are private organisations or NGOs, one is a State Government entity (Department of Aboriginal and Torres Strait Islander Partnerships), and one is an Australian Government regional network (Regional Development Australia). Some private organisations with a national presence, such as the Queensland Aboriginal and Islander Health Council and Social Ventures Australia, receive significant public funding.

Figure 12: Primary ecosystem activities (n=47)



Source: KPMG 2018

Social enterprise ecosystem operations

Figure 12 indicates that the vast majority of social enterprise ecosystem operations consist of acting as a network (43%), or capacity building (23%). Networks aim to link enterprises for collaboration, drive social policy and awareness through advocacy, and liaise with local, State and federal government bodies on behalf of member enterprises. Capacity building refers to activities such as education and mentoring for social entrepreneurs, vocational training initiatives, IT infrastructure support for social enterprises, employment services and economic and infrastructure development.



Social enterprise ecosystem regional distribution

Figure 13 shows all regional locations (57) of the 47 identified ecosystem organisations. It indicates that the majority of social enterprise ecosystems are located in Brisbane – Inner City. A significant number of ecosystems are also located in Cairns and online (such as Social Traders and Impact Boom), which are the second and third most represented ecosystem site locations, respectively.

Figure 13: Mapping of the ecosystem (n=57)

Regional Area (by SA4)	Ecosystem count
Brisbane – East	1
Brisbane - North	2
Brisbane – South	2
Brisbane – West	1
Brisbane Inner City	15
Cairns	9
Central Queensland	2
Darling Downs - Maranoa	0
Gold Coast	2
Ipswich	1
Logan – Beaudesert	4
Mackay	1
Moreton Bay – North	1
Moreton Bay – South	0
Queensland – Outback	1
Sunshine Coast	4
Toowoomba	1
Townsville	2
Wide Bay	0
Online Based	8
Total Count	57

Note that RDA is the only ecosystem with secondary locations in Queensland.

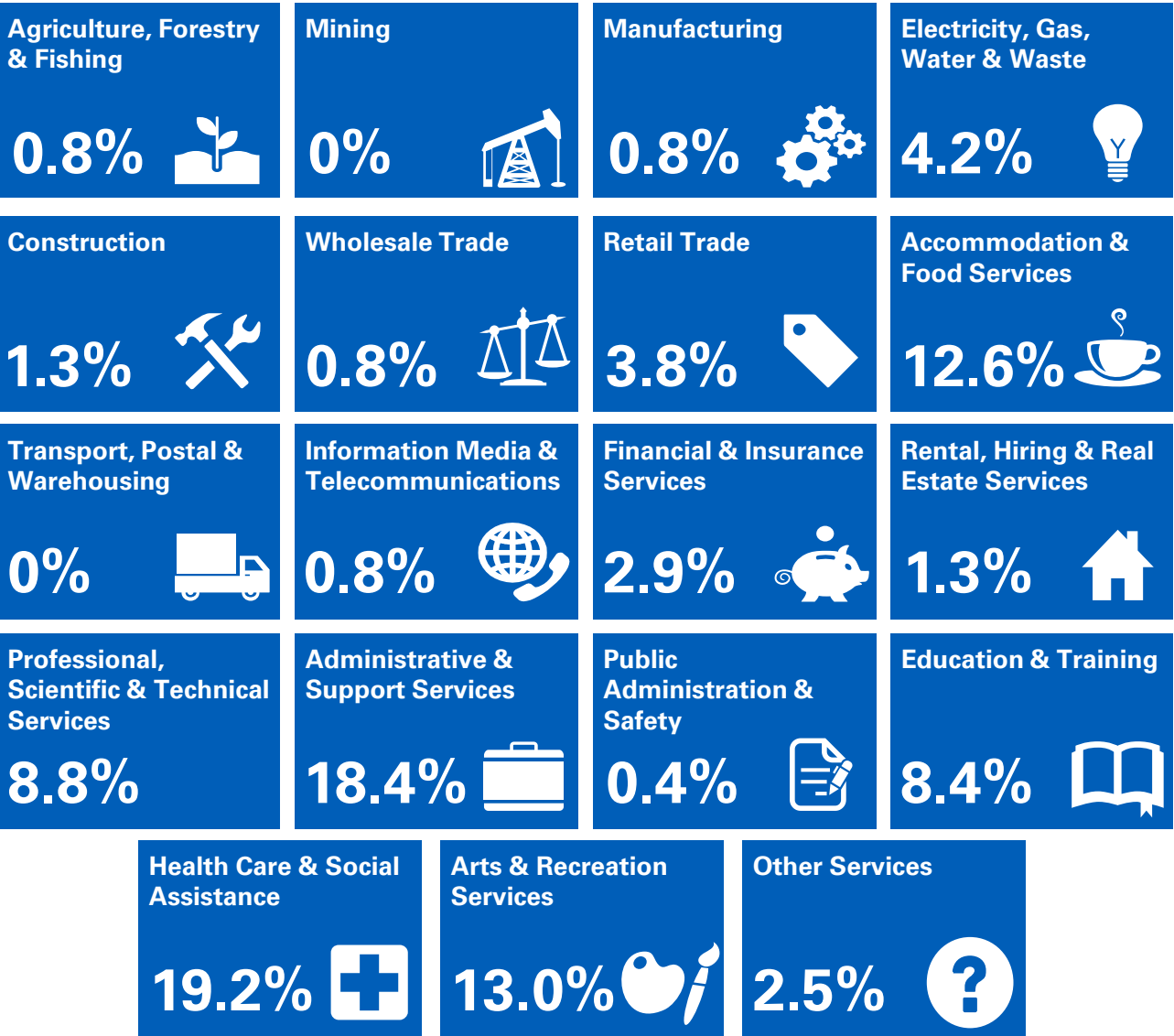
Source: KPMG 2018

Industry Profiles

Industry analysis based on the Australian and New Zealand Standard Industry Classification (ANZSIC) codes of the social enterprise sector in Queensland shows that the largest areas of industry focus are Health Care & Social Assistance (19.2%), Administrative & Support Services (18.4%), Arts and Recreation Services (13.0%) and Accommodation & Food Services (12.6%). There is no presence in the areas of Mining, Transport, Postal and Warehousing.

A key contributor to the high rates of the Health Care & Social Assistance industry includes those social enterprises which provide disability support, childcare protection and health services. The Administrative & Support Services industry has the second highest presence of social enterprises and includes those enterprises which provide employment support to disadvantaged or vulnerable groups, social enterprises that focus on corporate cleaning services and gardening type services as well as some accelerator type organisations and networks.

Figure 14: Identified social enterprises by industry profile (n=271)



Note: Five of the 276 social enterprises identified did not have enough available information to categorise into industry profiles
Source: KPMG 2018

Characteristics of Social Enterprises

Social enterprise legal structure

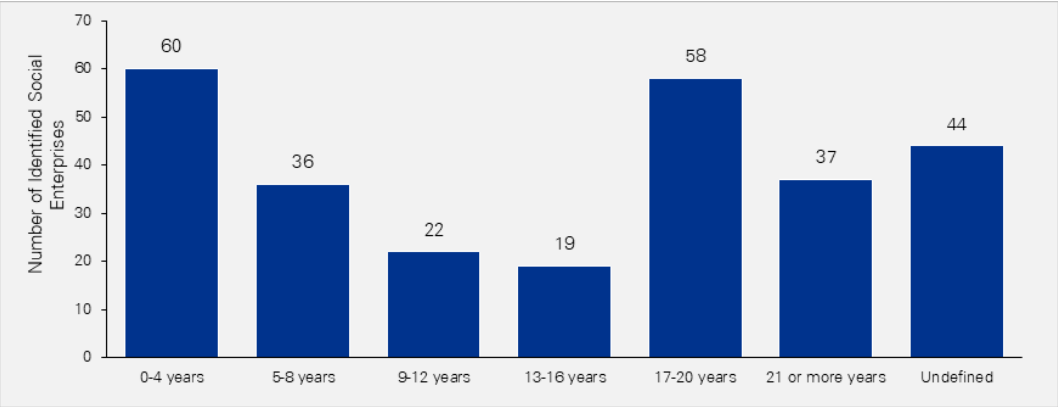
The majority of identified social enterprises and their ecosystem organisations across Queensland list ‘Incorporated association’ as their legal status (23%). The second most cited legal status is ‘Public Company’ (21%). This is shown in Figure 15. Although a majority of identified social enterprises identified as operating under a particular legal structure, 18% remained undefined due to the limitations of publicly available information both on websites and the ABN lookup website. The least frequent legal structures for social enterprises in Queensland included ‘Company limited by guarantee’ and ‘Partnership’.

As the information gathered on legal structure is obtained at the time the entity registers as a business, it is noted that any changes in legal structure over time (particularly as the business grows or changes) will not be captured in this information.

Length of social enterprise operation

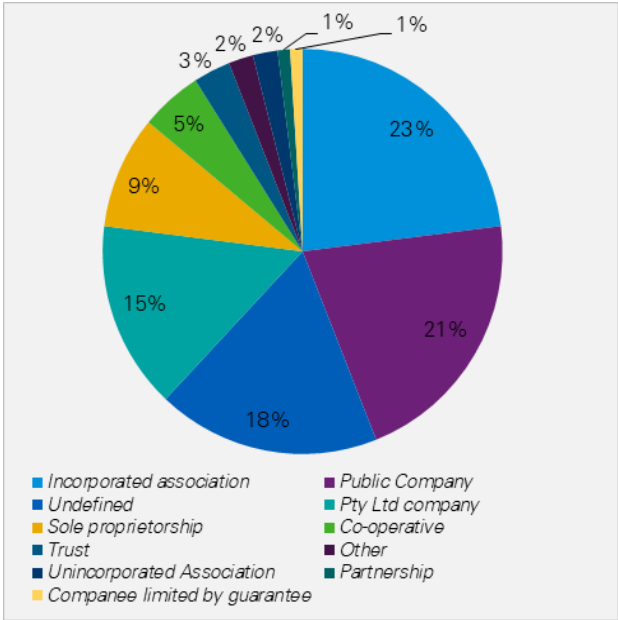
The largest proportion of social enterprises and ecosystem organisations were established 0-4 years ago (60 or 21.7%), followed by 17-20 years ago (58 or 21.0%). The large number of social enterprises that have been established within the last four years suggests there has been growth in the sector at a start-up level and is consistent with growth in the ecosystem supports provided through local government and accelerator organisations in Queensland. This is shown in Figure 16. However, the high number within the last two years may be reflective of a number of start-up social enterprises, as many do not survive the first two years of operation. The least frequent time periods include 13-16 years (19 or 6.9%) and 9-12 years (22 or 8.0%).

Figure 16: Length of operation (n=276)



Source: KPMG 2018

Figure 15: Legal structure (n=276)



Source: KPMG 2018

A Regional Snapshot

As is shown in the Queensland profile, the number of social enterprises are almost exclusively across the east coast of Queensland, with the largest number of social enterprises in the south east corner of the State. When analysed at a regional level using SA 4 data covering 19 key regions, it can be seen that the largest number of social enterprises sites are in Brisbane Inner City, Cairns, Logan-Beaudesert, Queensland - Outback and the Sunshine Coast (Figure 17). This correlates with those areas which appear to have relatively higher levels of social enterprise ecosystem support.

The regional areas with the lowest number of social enterprise sites are Brisbane - West, Darling Downs - Maranoa, Moreton Bay - South and Mackay. Wide Bay which has no recorded ecosystem support, still has relatively high numbers of social enterprise sites (21). A more detailed overview of each region has been provided at Appendix C.

Figure 17: Social enterprise sites by SA4 Queensland regions (N=238)

Regional Area (by SA4)	No. of Social Enterprise and Ecosystem Sites	Unique Social Enterprises	Large Multi-Site Social Enterprises	Social Enterprise Ecosystem
		% of social enterprise sites per region		
Brisbane – East	16	56.2%	37.5%	6.3%
Brisbane - North	21	61.9%	28.6%	9.5%
Brisbane – South	22	50.0%	40.9%	9.1%
Brisbane – West	9	55.6%	33.3%	11.1%
Brisbane Inner City	57	50.9%	22.8%	26.3%
Cairns	54	61.1%	22.2%	16.7%
Central Queensland	21	23.8%	66.7%	9.5%
Darling Downs -Maranoa	7	28.6%	71.4%	-
Gold Coast	11	18.2%	63.6%	18.2%
Ipswich	20	45.0%	50.0%	5.0%
Logan – Beaudesert	31	51.6%	35.5%	12.9%
Mackay	9	33.3%	55.6%	11.1%
Moreton Bay – North	12	25.0%	66.7%	8.3%
Moreton Bay – South	7	28.6%	71.4%	-
Queensland – Outback	25	84.0%	12.0%	4.0%
Sunshine Coast	31	58.1%	29.0%	12.9%
Toowoomba	22	63.6%	31.8%	4.6%
Townsville	16	31.3%	56.2%	12.5%
Wide Bay	21	28.6%	71.4%	-
Total Count	412	51.5%	34.9%	13.6%

Note: 38 of the 276 social enterprises identified could not be geographically mapped as they operate through an online portal or have limited information available, thus have been excluded from the regional analysis, where n=238 across 412 sites

Source: KPMG 2018





Part B provides a deeper analysis of the social, workforce and economic outcomes of social enterprises across Queensland. It draws together the survey responses from social enterprises in relation to their workforce and financial contributions, insights from social enterprises and ecosystems from regional forums and focus groups, and provides case studies which detail the different journeys, experiences, and foci of social enterprises in Queensland.

This section contains:

- Identification and profiling of the size and scale of the social enterprise sector, particularly in relation to workforce and financial contribution of the sector;
- A range of detailed examples of social enterprise sector participants, set out through six case studies of social enterprises; and
- A social impact analysis which explores the breadth and depth of employment opportunities and/or other social and environmental benefits that social enterprises deliver to their communities.

The Size and Scale of the Social Enterprise Sector

This section seeks to better quantify the size and scale of the social enterprise sector beyond the mapping of how many social enterprises exist in Queensland. In particular, this section focuses on the sector's contribution to employment and its financial contribution. This combines feedback from the surveys, the mapping data, and other relevant economic inputs, while noting limitations and assumptions in the analysis provided.

Key findings:

- There are 229 social enterprises which have been identified within the State of Queensland in mapping, and we expect this under-reports the sector by around 30% leading to an estimate **of 298 social enterprises operating in Queensland as at February 2019.**

The survey questions are included in Appendix D.

What is the Size of the Sector?

Beyond the mapping

As was outlined in Part A, the mapping process has been useful to help define the sector, noting that it exists across a continuum as shown in Figure 4 earlier in this Report. The mapping definition, and more specifically “defining the grey areas” where organisations may have self-identified as social enterprises but not met the definition used, or alternatively where they were captured by the definition but clearly were not social enterprises, was a key focus of discussion throughout the consultations with the sector. The practical application of the definition as discussed in Part A has been agreed in consultation with stakeholders on the Project Advisory Group, Jobs Queensland Board and with wider stakeholders.

It is recognised that there will be continued debate about how to best define the sector, and it is noted that there is a strong desire from the sector to include all organisations which are “for purpose” within the definition of social enterprise. We recognise this strong social purpose motivation is a critical element of all social enterprises. However, consistent with most other definitions of social enterprise used within an Australian context, the second and third parts of the definition (generating over 50% of revenue from the sale of a good or service, and reinvesting profits back into the business) are also important, meaning some “for purpose” organisations may not meet the definition due to not achieving these latter criteria. Some of these organisations (that are “for purpose”, but which do not meet one or both of the other criteria) are included in other Australian estimations of sector size, including the FASES report.

Additionally, it was agreed that the mapping would not cover organisations including DES providers, childcare centres, aged care providers, or education providers. While many of these organisations may have a strong social purpose, in most cases the primary reason for their establishment is a commercially-driven one. Thus, it is difficult to objectively determine a true driving purpose. Childcare is a key example of this. For example, we recognise one Queensland early childhood education provider (a chain of childcare centres) was specifically set up as a social enterprise, but the vast majority of other childcare centres are commercial, for-profit operations. Some argue they have been set up for a strong education-related social purpose as well as for commercial reasons, while others cite they are solely commercial enterprises. The reality of the market is there is a spread across this continuum, and in the absence of evidence it is extremely subjective to make a determination to include or exclude entities on an organisation-by-organisation basis. Further, many of these organisations are totally or substantially reliant on government funding programs or respond to government created markets, such as DES providers, aged care providers and private education providers.

Estimations of under-reporting

It has been acknowledged that a bottom-up approach to mapping the sector (rather than an estimation-based approach) will under-report the number of social enterprises in Queensland. It was noted that the sector can remain “hidden” because of a few factors including whether they self-identify as a social enterprise, no connection to a social enterprise network, or if they do not have a website presence (and may be using other social media to promote their business). These definitional aspects are key to note, because throughout consultation with the sector, stakeholders range in their estimation of how much they felt the mapping under-reported the sector, particularly based on region. It is generally agreed that the estimation of under-reporting of 30% is accurate at an overall level, but under-reporting is likely to be higher in regions (due to the various identification/mapping issues identified) and lower in more urban centres.

What is the Size of the Sector?

In alignment with the majority of stakeholder views, we have assumed the mapping of the sector under-reports by approximately 30% based on the definition and interpretation issues that have been identified. **In estimating the true size of the sector below, we have therefore added 30% to the bottom-up mapping figure finalised in February 2019.**

Estimation of the sector (bottom-up approach)

Based on the above, we estimate the total number of social enterprises in Queensland as:

- Total number of social enterprises mapped in Queensland (as at February 2019, not including ecosystem organisations) = **229**;
- Multiplier to account for under-reporting = **x 1.30**; and
- Total number of social enterprises estimated in Queensland (as at February 2019) = **298**.

How this compares

A key part of estimating the size of the sector is to check whether this seems sensible given other estimations of the number of social enterprises undertaken within Australia. Three reports have been used to try and gauge this: the 2016 FASES report; the mapping of the Victorian social enterprise sector; and the mapping of the Tasmanian social enterprise sector.

As explained in Figure 18, **some other estimates of the social enterprise sector in Australia are significantly higher, but also include sectors or subsectors that have been expressly excluded in this Report.** The sectors included in other estimations (including education providers, financial and superannuation organisations and health insurers) are significant in number and size.

Figure 18: Comparison of other social enterprise mapping within Australia

	FASES estimation	Victorian estimation	Tasmanian estimation
Prediction of sector size	20,000 (Australia). Note this FASES estimation is based on secondary analysis from the Giving Australia Project.	3,500 (Victoria). Note that this is an estimation that sought to fill gaps by estimating and including estimated numbers of independent schools and universities, not-for-profit health insurers and hospitals, not-for-profit superannuation funds and community art galleries and collections.	No total estimation given. 108 self identified social enterprises responded to a survey and results were viewed as representing the sector.
Year of estimation	2010, 2016	2017	2011
Population base	Australia 2016: Approximately 36.25 million	Victoria 2017: Approximately 6.1 million	Tasmania 2011: Approximately 511,000
Differences in definitional interpretation	No clear interpretation provided in reports, however it is understood anecdotally that this estimation includes many not-for-profits and charitable organisations that were not included in this report.	All estimations included above (universities, not-for profit health insurers and hospitals, not-for-profit superannuation funds and community art galleries and collections) are outside the scope of this Report. Further, in the Mapping for Impact Report the mapping notes it included Bendigo Bank, YMCA, and Goodstart Early Learning. All of these organisation types were excluded in this Report.	

Source: KPMG, 2019



What is the Industry Profile?

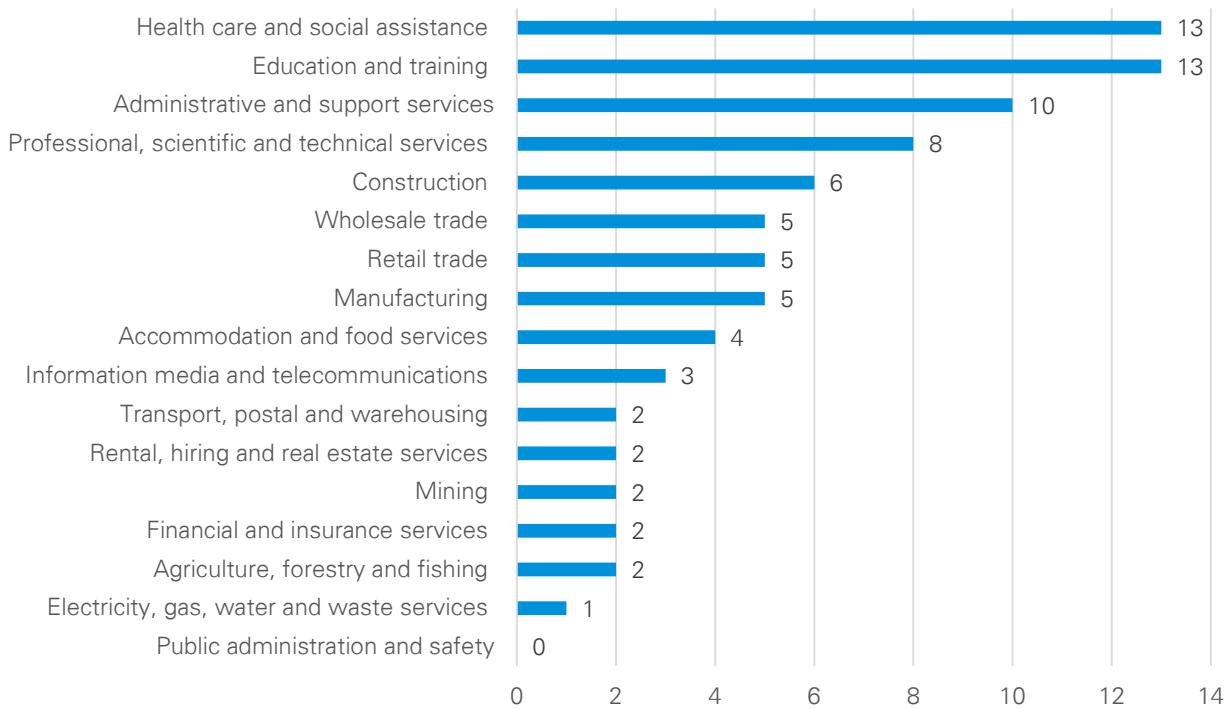
Industry focus

As was highlighted in Part A of the Report, social enterprises work across almost every industry sector (as defined by the Australian and New Zealand Standard Industry Classifications (ANZSIC). Based on information provided about the business classification of the social enterprises, the mapping suggests that over 60% of those in Queensland operate within four industries. These are:

- Healthcare & Social Assistance (e.g., disability assistance and support services) (19.2%);
- Administrative & Support Services (e.g., providing employment opportunities to disadvantaged groups) (18.4%);
- Arts & Recreation Services (13.0%) (e.g., ceramic skills and crafts); and
- Accommodation & Food Services (12.6%) (e.g., cafes and linen services).

The survey was used to help validate these findings and the industry profile of the 41 entities that completed the survey, which is shown in Figure 19. The survey response has a much higher representation in the education and training sector than the mapping suggested; however, it is considered likely this is due to the survey also being provided to ecosystem organisations or universities (9 responded as being part of the ecosystem and 11 responded as not a social enterprise). The survey also suggests a much lower industry representation in accommodation and food services than analysis undertaken of all social enterprises mapped. It is recognised that with only 41 respondents, the survey results may not be an entirely representative sample of the sector.

Figure 19: Survey response to “Which of the following best describes the industry in which your organisation operates?” (n=41)



Note: Survey respondents had the option to select more than one classification that best describes the industry in which their organisation operates.
Source: KPMG, 2019

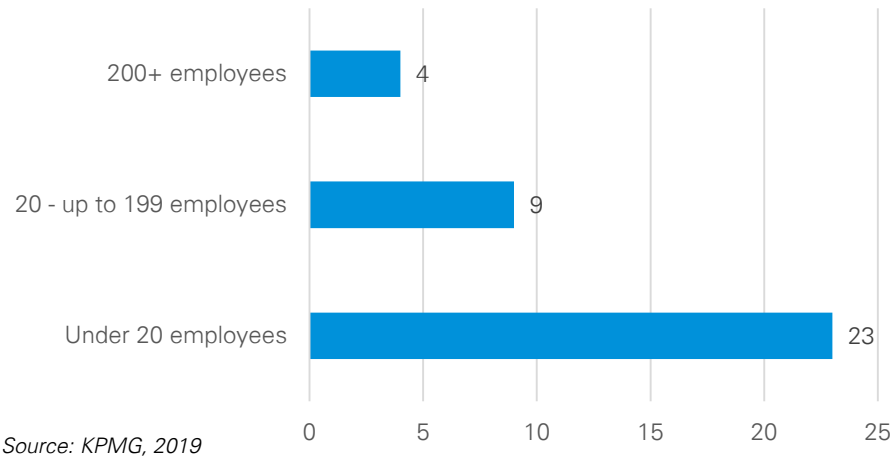
How Many People Are Employed By The Sector?

Survey response

Given that there is no estimation of workforce size of the social enterprise sector in Queensland, the survey sought to gather information about the total number of employees, volunteer workforce and employment types across the social enterprise sector, including the ecosystem.

Of those that responded to the survey, 36 provided information about their workforce size. Across all respondents there were a total of 2,059 employees; however, once ecosystem organisations were removed there were 28 respondents and a total workforce size of 1,982 employees. The range of responses was 1 to 950 employees, and this information was clustered into definitions of small, medium and large enterprise as defined by the Australian Bureaus of Statistics, and is shown in Figure 20.

Figure 20: Small, medium and large enterprises (as defined by the ABS) from survey respondents who answered workforce size (n=36)



The workforce breakdown across these small, medium and large businesses was:

- Large: 200+ employees (4 organisations): 1,592 employees, 77.3% of total identified workforce;
- Medium: 20 to 199 employees (9 organisations): 328 employees, 15.9% of total identified workforce; or
- Small: under 20 employees (23 organisations): 139 employees, 6.8% of total identified workforce.

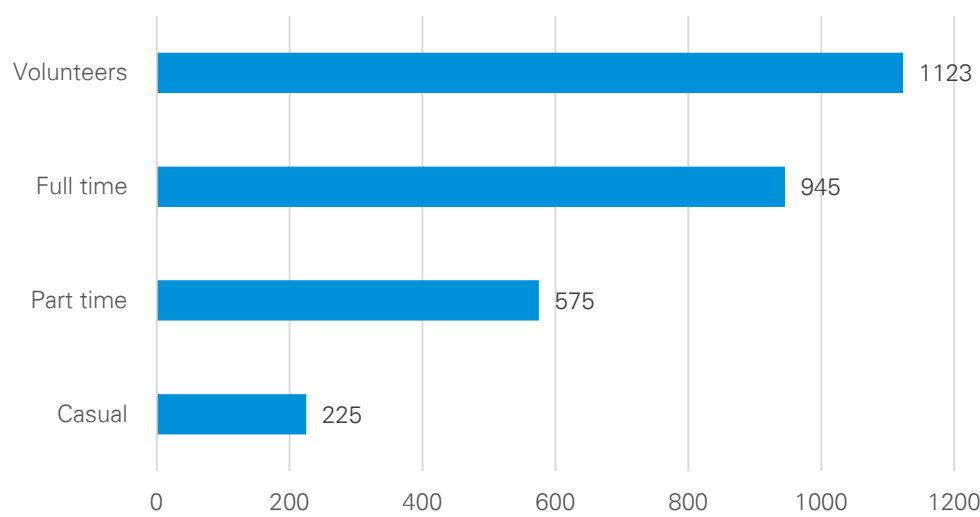
What is the Employment Profile?

Survey response

As with the other workforce related questions, there was no publicly available information on the employment profile of the social enterprise sector. Therefore, the survey was used to understand the employment profile of the workforce.

As with the question on workforce size, 36 organisations responded to the question in relation to their employment profile. The results are shown in Figure 21.

Figure 21: Survey response to the question “Of these staff, how many do you employ in the following categories?” (n=36).



Source: KPMG, 2019

Answers to the types of employees were not mutually exclusive, given that organisations may have multiple staff types within their workforce. Of the 36 organisations which responded:

- 14 of the 36 organisations utilised 1,123 volunteers;
- 27 of the 36 organisations employed 945 full-time employees;
- 18 of the 36 organisations employed 575 part-time employees; and
- 17 of the 36 organisations employed 225 casual employees.

This suggests that while the majority of organisations employ full-time staff, the volunteer workforce is the most utilised by the sector in terms of total workforce numbers. It should also be noted that the total workforce employed (full-time, part-time, and casual) identified in response to this question – being 1,745 across all respondents – is less than the total workforce count analysed from the earlier question regarding how many staff are employed (2,059 across all respondents).

How Many Employ Disadvantaged Job Seekers?

Survey response

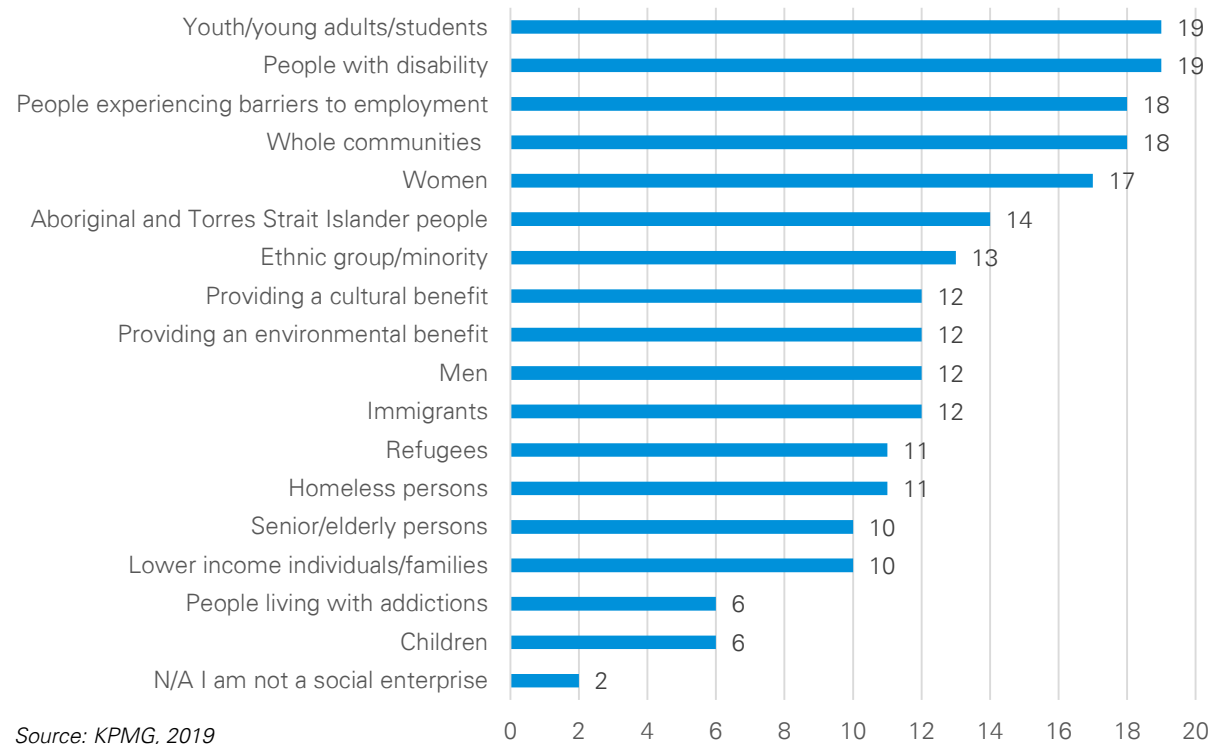
One of the key features of social enterprises around the world is their higher rates of employment of long-term, disadvantaged job seekers. This includes many different groups including people with a disability, people with mental health conditions, ex-offenders and other vulnerable population groups with lower employment outcomes including refugees, persons form a non-English speaking background and Aboriginal and Torres Strait Islander persons.

As with other workforce-related questions, there has been no quantification of this for the social enterprise sector in Queensland. The survey was therefore used in this regard.

There were a total of 41 respondents to this question, as shown in Figure 22. It was possible to select multiple options when answering this question. The responses indicate that many respondents supported the majority of these categories rather than specifically targeting one single demographic group.

The results suggest that youth and people with a disability are the most targeted disadvantaged groups by social enterprises and their ecosystems, while vulnerable groups such as refugees, immigrants and people living with addictions are less of a focus. While the literature suggests this could be due to a response to local needs and demographics, there may be commercial challenges for consideration as well. For example, it may be more difficult to retain employment for homeless or people with addictions than other groups.

Figure 22: Survey response to the question "Which of the following demographic groups or purposes does your social enterprises target (either through employing or providing goods/services to) as part of your mission?" (n=41)



Source: KPMG, 2019

What is the Financial Contribution of the Sector?

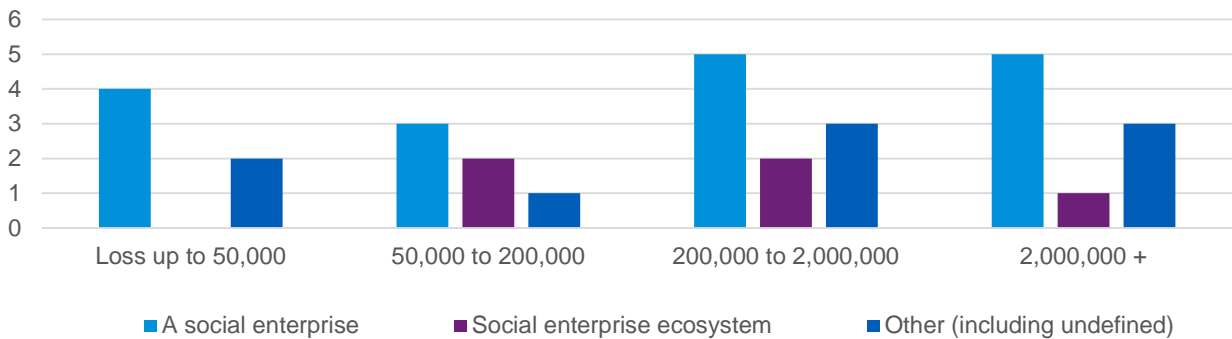
Survey response

As with the workforce data, there is limited publicly available information on the financial contribution of the social enterprise sector in Queensland. As most organisations do not have annual reports, the only way to capture this information is through self-reported data.

Revenue in the last financial year (2017-2018)

Of the 41 organisations that sufficiently responded to the survey, ten organisations did not wish to disclose their financial revenue for the financial year. Based on responses, the total revenue (including one response indicating a 'negative revenue') across the 31 respondents who chose to disclose information for the 2017/18 financial year totalled \$144,386,000. Within this sample, reported annual revenue ranged from -\$3,000 (as reported in the survey response, which is acknowledged as obviously being a misunderstanding by the respondent) to \$45,000,000, with a median of \$425,000. Based on categories used in Australian Bureau of Statistics analysis of the small business sector, a profile of revenue has been categorised into organisations with a turnover of less than \$50,000, \$50,000 to \$200,000, \$200,000 to \$2,000,000 and over \$2,000,000 in Figure 23.

Figure 23: Number of organisations with micro, small, medium, and large revenue in 2017/2018 based on survey responses (n=31)



Source: KPMG, 2019

Of the nine organisations which had revenue of over \$2,000,000, their total combined revenue in the 2017/2018 year was \$135,930,000 (or 94.14% of the total reported revenue). Of the ten organisations with revenue between \$200,000 to \$2 million, their total combined revenue was \$7,834,000 (or 5.43% of the total reported revenue). Of the six organisations earning between \$50,000 and \$200,000, their combined revenue in 2017/18 was \$564,000 (0.39% of total reported revenue), and for the six organisations earning less than \$50,000, their total combined revenue in 2017/18 was \$58,000, including those reporting a net loss (or 0.04% of total reported revenue).

What Does the Financial Composition of Social Enterprises Look Like?

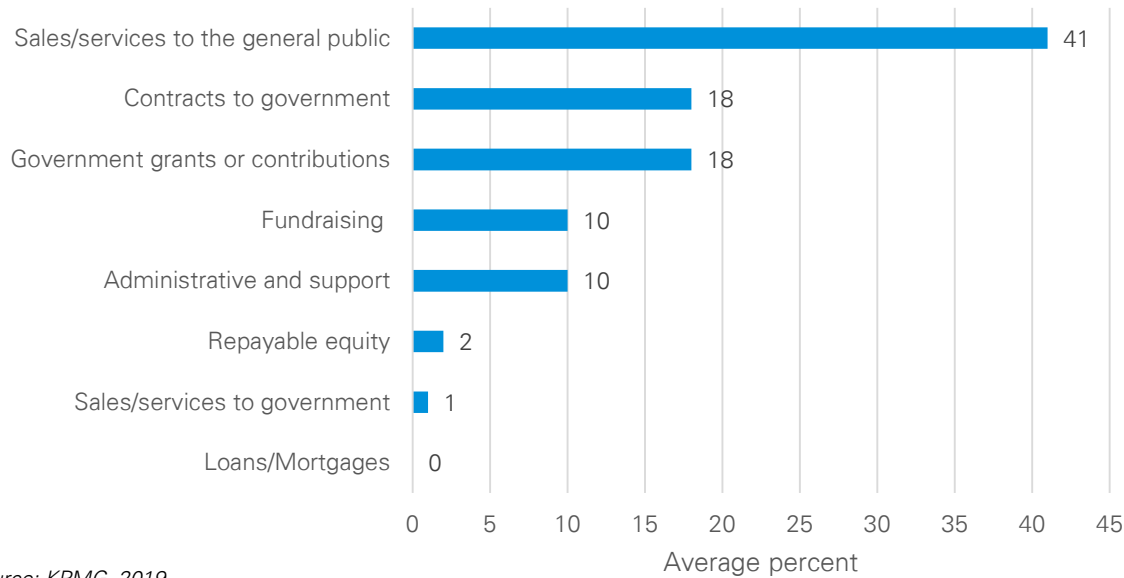
Survey response

As with the workforce data, there is limited publicly available information on the financial contribution of the social enterprise sector in Queensland. As most organisations do not have annual reports, the only way to capture this information is through self-reported data.

Financial composition

Survey respondents were also asked to provide information regarding the composition of their revenue in the last financial year by estimating the percentage composition of revenue as shown in Figure 24. The results were averaged across the 36 survey responses to this question.

Figure 24: Survey response to “Of the revenue, your organisation received over the last financial year (2017/18) what was the composition?” (n=36)



Source: KPMG, 2019

Figure 24 shows the significant role that government procurement and government grants or contributions make to the sector’s financial security, with an average response across all 36 respondents that government contributes close to 20% or one fifth of its revenue from procurement, and a further 20% average composition from government grants or contributions. It should be noted this question did not distinguish between local, State or Australian government funding. Discussions with those in the social enterprise sector show that all three levels of government have played a key role in supporting the sector.

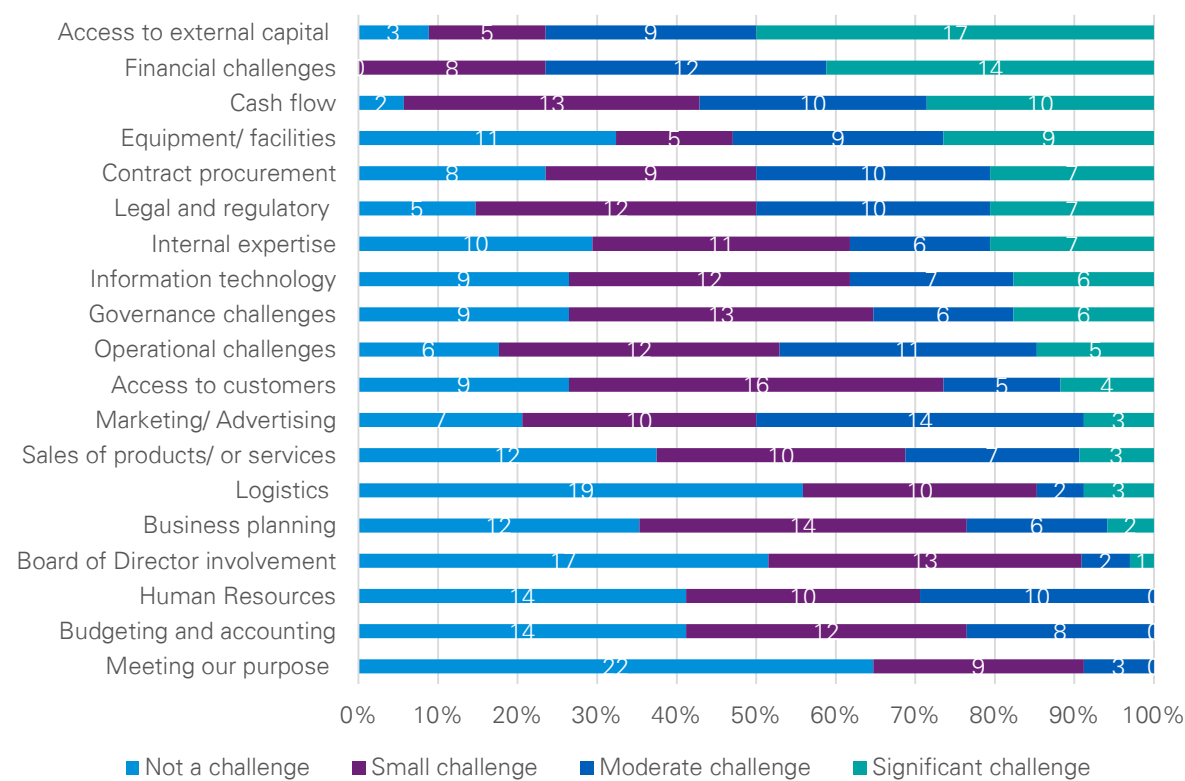
Pertinently, the respondents did not identify as having gained revenue through the receipt of loan/mortgage monies. This is interesting given, anecdotally across the Queensland social enterprise sector, many stakeholders noted the support from banks as being a key funding partner. However, there is evidence that banks were tightening lending to small to medium enterprises in anticipation of the Royal Commission findings in 2018, and this may have impacted on the loan and mortgage composition of financial revenue for social enterprises in recent times.

What are the Key Challenges Social Enterprises Face?

Survey response

Participants were asked to indicate the key factors which posed a significant challenge in their last year of operation. Only 34 of the 41 organisations responded to the question, demonstrated in Figure 25.

Figure 25: Survey response to “To enable a better understanding of the key challenges your organisation faces, can you please indicate which of the following factors, if any, have posed a significant challenge (reflecting on the last year of operation)?” (n=34)



Source: KPMG, 2019

Below is a summary of the top 25% of selections for each response option:

- Significant challenge:** access to external capital (17 selections), financial challenges (14 selections), cash flow (10 selections) and equipment/ facilities (9 selections);
- Moderate challenge:** marketing/ advertising (14 selections), financial challenges (12 selections), operational challenges (11 selections), human resources, legal and regulatory, contract procurement and cash flow (all 10 selections);
- Small challenge:** access to customers (16 selections), business planning (14 selections), cash flow, governance and board of director involvement (all 13 selections); and
- Not a challenge:** meeting our purpose (22 selections), logistics (19 selections), board of director involvement (17 selections), budgeting and accounting and human resources (both 14 selections).

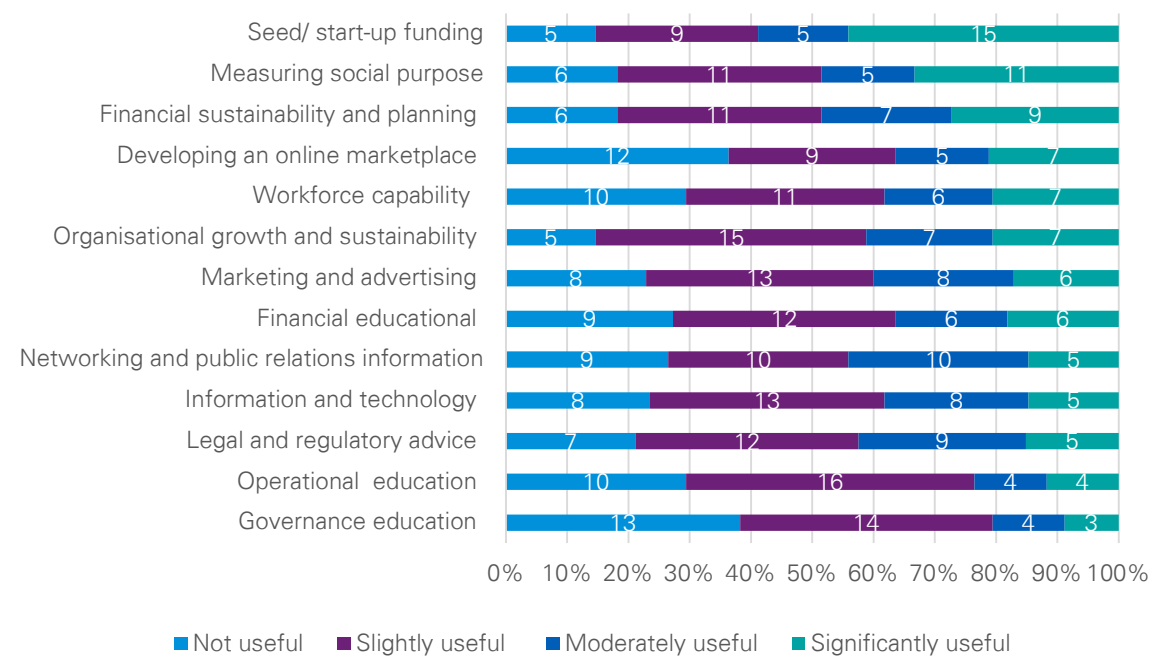
This is useful in informing capability and capacity development options for the sector.

What Resources do Social Enterprises Need?

Survey response

Participants were asked which resources would be most useful to their social enterprise. Only 34 of the 41 organisations responded to the question. The results are shown in Figure 26.

Figure 26: Survey response to “Please indicate from the list below, which resources would be useful to your social enterprise, if any?” (n=34)



Source: KPMG, 2019

Below is a summary of the top 25% of selections for each response option:

- **Significantly useful:** seed/ start-up funding (15 selections), measuring social purpose (11 selections), financial sustainability and planning (9 selections);
- **Moderately useful:** networking and public relations information (10 selections), legal and regulatory advice (9 selections), marketing and advertising and information and technology (both 8 selections);
- **Slightly useful:** operational education (16 selections), organisational growth and sustainability (15 selections) and governance education (14 selections); and
- **Not useful:** governance education (13 selections), developing an online marketplace (12 selections), operational education and workforce capability (both 10 selections).

This information is useful in informing potential supports for the sector.

Queensland Context: A Diverse Sector

Throughout consultation with the sector at regional forums, focus groups and in stakeholder interviews, the diversity of the sector in experience, industry focus, approach and size became clear. This is also reflective of the sector internationally where there is a strong push to recognise that a “one size fits all” approach to the sector is not the best practice.

Case studies have been used to show the different journeys of social enterprises across Queensland and include:

- SEEDS Parks & Property Maintenance;
- Aboriginal Development Benefits Trust (ADBT);
- Incredible Edibles;
- Yourtown;
- Red Ridge Interior Queensland Ltd; and
- Impact Boom.

A Diverse Sector

Overview

Between 25 January and 5 February 2019, KPMG facilitated four regional forums with Queenslanders linked into the social enterprise ecosystem in Mt Isa, Cairns, the Sunshine Coast and Logan-Beaudesert. Focus groups were also held with an emphasis on Aboriginal and Torres Strait Islander social enterprises and leaders in the sector, and interviews were held with key social enterprises to better understand their journeys, including challenges and opportunities being experienced by social enterprises.

Participants shared their experiences and insights around the victories and challenges currently facing the social enterprise sector. Their stories illustrated the different modes of entry into the social enterprise sector. For example, some businesses begin as social enterprises, others have developed as the “professional arm” within a not-for-profit and some have developed as the “social impact” arm within a private company.

Participants discussed how most social enterprises arose from identification of a gap in the market and the important role that many social enterprises play in their local community. Some forums stressed the importance of maintaining a collaborative culture despite competitive funding processes. Across all of the regional forums, participants shared their belief that the strength of the social enterprise sector in Queensland comes from its bottom-up development. Queensland is considered a leader among the States in its grassroots approach. Although stakeholders are keen for greater support from the government, they also asserted that this spirit is important to maintain.

The diversity across the sector has been well documented internationally and within an Australian context. While different methods have been used to illustrate this, in an Australian context the FASES report in 2010 described social enterprises as having three key goals (Social Traders, 2010):

- **Employment goals** – businesses that provide employment, training and support for marginalised groups;
- **Service delivery goals** – businesses that create or retain services in direct response to social or economic needs in the community; and
- **Income generation goals** – businesses that generate profits to support other community or not-for-profit organisational activities.

There are also different ways of describing the organisational types within the social enterprise sector, such as in the UK which describes types as including (CWCD, 2019):

- Community Enterprises;
- Social Firms;
- Co-operatives;
- Credit Unions and Community Development Finance Institutions (in this Report these are considered part of the ecosystem);
- Development Trusts;
- Public sector ‘externalised’ services;
- Trading arms of charities;
- Fair Trade organisations; and
- Other types of social enterprise.

Social Enterprises: Employment Goals

Employment of disadvantaged groups

Across the social enterprises in Queensland, there are a number of social enterprises which exist to provide employment opportunities to disadvantaged job seekers. This takes many forms including providing employment opportunities for:

- People with a physical disability;
- People with mental health conditions or a mental disability;
- People who are ex-offenders;
- Refugees and migrants, including those from non-English speaking backgrounds;
- Aboriginal and Torres Strait Islanders;
- People who have experienced addiction (drug, gambling, alcohol);
- Youth (particularly in locations where the youth unemployment rate is high); and
- Long-term unemployed (for any other reason).

It is noted the employment focus of social enterprises is usually in response to the population demographics and local community need. For example, in Cairns there is a significant focus on supporting the employment of Aboriginal and Torres Strait Islanders, and in the Sunshine Coast there is a strong focus on supporting those with a disability. In some cases, social enterprises are set up due to personal belief or conviction. There have been a few examples where parents of children with a disability established a social enterprise because they wanted to create opportunity for their children and/or people experiencing similar challenges.

Ensuring a fair wage

It was noted by a number of key stakeholders (many who are strong advocates for the disadvantaged Queenslanders they serve) that it was very important that social enterprises who support the employment of disadvantaged job seekers pay a fair wage. These stakeholders all supported the Supported Wage System, but noted that there are other methods for determining wages for disadvantaged job seekers and that some of these may exploit the vulnerable. Closely linked to this was concern from some stakeholders that some social enterprises or “for purpose” organisations may also be utilising the volunteer workforce inappropriately, and should in some cases be paying these volunteers for their work. While the assessment of this is outside the scope of this Report, it is an important on-going consideration.

The challenge of training and supporting a disadvantaged workforce

It was noted by many social enterprises that, whatever the disadvantaged group, there is a significant cost in training/skilling and supporting the long-term unemployed workforce. Stakeholders noted that recruiting a skilled workforce would deliver commercial benefits more readily, but of course would not achieve the social purpose of these organisations. Some estimated that the cost of training and supporting the disadvantaged workforce was approximately 15% higher than another business competing in the same market, and that these costs needed to be accounted for by social entrepreneurs wanting to start such a business. While it is expected that this cost would vary depending on the industry and skill level required, it is key to understanding why social enterprises may find it difficult to compete in commercial markets, and why there may in some cases be a perception of higher costs.

Social Enterprises: Employment Goals

Closely linked to this is the quality of the service being provided. Some stakeholders noted that in some industry sectors access to a lower-skilled worker doing lower-skilled tasks may in fact assist in business productivity over time due to staff loyalty and retention. However, others noted that where there is a requirement for more advanced skills, ensuring the quality of the product or service may be more difficult for social enterprises.

Some stakeholders involved in procurement discussed reports or perceptions from some of their government clients of lesser quality products or services being provided by social enterprises (where the social purpose has been the focus rather than the business output or outcome). This is something that social enterprises need to ensure they address in order to be sustainable over time.

Motivations

Research undertaken in 2012 into the motivations and purpose of social enterprises focused on employment of disadvantaged job seekers found that (Fowkes et al, 2012):

- These social enterprises **see no other option than to create jobs for disadvantaged people who might not otherwise have the chance of getting work experience and workplace-relevant skills** (in other words they believe the current JobActive (formerly Job Services Australia) and DES structure is failing the most disadvantaged job seekers);
- They offer **on-the-job skills training, and a supportive workplace environment for people who would have been at risk of discrimination and exclusion** in the labour market, and this includes better capacity and willingness to accommodate the intermittent ability to work of people who are re-joining the workforce; and
- The work experience and skills gained in a social enterprise can serve as a **stepping stone to improved job prospects**. Although it is noted from consultation with the sector that some social enterprises are established as a “stepping stone”, others provide long-term employment for these job seekers.

Intermediate Labour Market organisations

Organisations within the Intermediate Labour Market (ILM) – a term used more internationally (especially in the United Kingdom) than in Australia – are those organisations (Mestan & Scutella, 2007):

- Which provide a diverse range of local initiatives that typically provide temporary waged employment in a genuine work environment with continuous support to assist the transition to work;
- Which provide support for the most disadvantaged job seekers;
- Which deliver a combination of accredited training and development of workplace skills; and
- Which provide a level of job search assistance into other employment.

Social Enterprises: Employment Goals

Successful elements of Intermediate Labour Market organisations

A review into 65 ILMs in the UK identified a number of key factors for success. These are (Marshall & Macfarlane, 2000):

- Clarity of purpose (which will be focused on increasing employment outcome chances of long-term unemployed);
- Clarity of the target group – participants must actually want a job and are not participating out of an obligation to receive an employment benefits from the government;
- Work activity or industry needs to be suited to a relatively low-skilled workforce while still providing a variety of transferable skills;
- Careful recruitment of participants;
- Balance between training and work, noting flexible training arrangements often worked best;
- Clarity around the conditions of employment upfront. This includes expectations on working hours, absenteeism and a clear commitment from the participants for future job search;
- A wage (some were given the option to continue to receive their employment benefit but this was found to be less successful);
- Understanding of the administrative burden on the organisation; and
- Managing quality and performance.

It should be noted these are based on the UK job market and context, and there have been criticisms that ILMs are difficult to set up and administer, are very expensive compared with other job support programs and may not be successful where the issue is a lack of suitable jobs (labour market demand) rather than the skills and capabilities of the unemployed (labour market supply).

In a Queensland context, very few social enterprises were identified as ILMs or organisations that seek to provide a bridge back into employment; however, Vanguard Laundry in Toowoomba and SEED Parks Property and Maintenance are two examples.

“Sheltered Workshops” and Australian disability enterprises

Sheltered workshops is a term referring to an organisation that employs people with a disability separately from others, and who pay “productivity based wages”. In Australia, these are often referred to as Australian Disability Enterprises (ADEs). These types of businesses were established as early as the 1950s often when families of people with a disability established businesses to support others with a disability. In 1996, this was an area of reform requiring such organisations to meet quality assurance standards. These enterprises can only be used to provide training to “supported employees”. It is noted that some social enterprises would also be ADEs, but not all ADEs would be social enterprises.

Interplay with Disability Employment Services and JobActive

There has been some criticism of the Australian Government recognition of placement of disadvantaged job seekers into social enterprises. While outside of the scope of this Report, this interplay may play a role in the availability of suitable jobseekers for social enterprises. Recommendations for change have been made through other reports (Fowkes et.al., 2012).

Case Study: SEED Parks & Property Maintenance

Location	Sandgate (Brisbane North)
Legal Structure	Small business within a community centre
Impact Area	Employment for disadvantaged workers
Established	2007

The Sandgate and Bracken Ridge Action Group Incorporated, better known as Sandbag Community Centres and Services, is the parent organisation to the SEED social enterprise. Sandbag was established in the 1980s as a community-based organisation to provide support services and foster connections for community members facing challenges such as poverty and homelessness, mental illness, domestic violence, disability, and discrimination. Considered to be a DES provider, Sandbag also provides adult and community education, skills employment training, counselling and support services, and multicultural events.

SEED Parks and Property Maintenance was established as a social enterprise within the Sandgate community centre in 2007 to provide employment opportunities for local community members who are traditionally excluded from the market or have difficulties maintaining jobs due to exclusion from the labour market. Since 2007, their landscaping and property maintenance service has grown, reporting a \$700,000 annual turnover in 2018. SEED runs as a transitional employment model, with the intention that casual employees will work for 6 to 12 months and develop a plan for long-term employment elsewhere.

Sustainability through commercial competition

According to Sue Batten, the Social Enterprise Business Manager at SEED, the success and financial viability of the social enterprise came from its ability to compete commercially against private sector companies. SEED is purely self-funded and operates within a fee-for-service model. It continues to receive grants (estimated at \$20,000 yearly on average) to replace equipment, but it was noted that the grant process is too competitive and political to be a reliable source of funding.

“One of our biggest challenges [when we started] was finding a balance between wanting to do good for people and the community, and implementing strong business and management practices.” – Sue Batten, Sandbag Social Enterprise Business Manager

Although SEED has won contracts with Brisbane City Council, the Queensland State Government, and the Federal Government, Batten admitted that often, the success of a social enterprise is dependent on the ability to get recognised by the right person in government at the right time. No matter how strong the enterprise, there is some luck required in meeting a decision-maker in the procurement process who appreciates the social impact of enterprises, because “if you’re meeting with someone with a purely financial or commercial perspective, you don’t stand much of a chance.”

The importance of a holistic approach and wraparound services

Because SEED operates under the parent organisation of the Sandbag Community Centres and Services, its employees and staff are strongly integrated into the community centre. Many of SEED’s casual employees have barriers to employment, such as housing, mental health, isolation, and/or criminal history. However, permanent managers at SEED are trained to identify when employees need extra support and they are easily able to refer them to one of Sandbag’s support services for assistance. This operation of a social enterprise with an employment mission within a community centre creates a robust system of support and wraparound services for a disadvantaged workforce and assists them in obtaining stable employment.

Social Enterprises: Service Delivery Goals

Filling gaps in service delivery

Consistent with the literature on social enterprises, the vast majority of stakeholders identified that the driver or reason for them to establish their organisation came out of seeing a gap or failing in the market, specifically in relation to the social purpose driver of the organisation. For some, this may have been providing an employment benefit for disadvantaged job seekers (as discussed previously). For others, social enterprises also offer a vehicle to deliver a good or service to the local community, and often one that assists those who are vulnerable or disadvantaged.

Types of service delivery goals identified from the social enterprises identified included:

- A focus on recycling and environmental impact;
- A focus on fair trade/ethical business practices;
- A focus on a wider community social benefit (for example keeping youths off the streets or from offending or from drug use, addressing homelessness, providing support for refugees, migrants or persons suffering domestic and family violence);
- Addressing social isolation (for example through networking, using animals or art to engage socially isolated or vulnerable persons and address wider biopsychosocial issues);
- Improving health outcomes or nutrition (for example by providing nutritious food to vulnerable persons or groups);
- Empowering and or advocating for the most vulnerable (for example services that provide support for refugees, women and Aboriginal and Torres Strait Islander persons); and
- Supporting local culture and/or heritage (for example enterprises that promote, support and sell Indigenous art, or provide access to heritage or environmental sites (for example the Daintree Rainforest)).

It should be noted that a social enterprise that fits under these service delivery goals may also be providing an employment benefit for disadvantaged job seekers, and as such these categories are not mutually exclusive.

One of the key challenges in this space is that many “for purpose” organisations which have a purpose around providing a social, environmental, cultural or community benefit, may not be generating over 50% of their revenue from the sale of goods or services in the open market. This has been discussed previously in this Report, and is made complicated by the fact that many social enterprises in their start-up years may also not meet this requirement initially, but would fulfil the requirement if given enough time to become sustainable long-term.

The importance of “Place”

Closely linked with the above is that social enterprises reflect the local needs of the community and therefore are very closely linked to place. This is especially key for those social enterprises established to meet service delivery goals. In consultation, therefore, social enterprises stressed the need to recognise the advantage that local businesses and organisations can have in communities. In addition, there was a very strong view that local communities of practice are an essential way to grow and support the sector into the future.

Social Enterprises: Service Delivery Goals

Aboriginal and Torres Strait Islander social enterprises and businesses

Many of the Indigenous-controlled organisations aligned to the service delivery goals, in that they were seeking to provide a community benefit. As has been previously identified, part of the challenge is that many of these organisations may not meet the trade requirement of the definition and some are strongly supported through government grants, procurement or funding. This may drive the need for supporting all Indigenous-owned organisations (as Victoria has done), rather than solely social enterprises. At the Aboriginal and Torres Strait Islander focus group held in Cairns, specific concerns were raised in relation to supporting Aboriginal and Torres Strait Islander social enterprises, as set out below.

- Many felt that government funding (across all levels of government) was not targeted at those initiatives that would most work, and most of these organisations deliver benefits to the communities. Many felt there was “wasted” money and that, if feedback from local communities was sought and considered, funds could be better invested to achieve social outcomes (such as employment, community engagement, education and training, reduced homelessness, reduced offending, and reduced addiction issues). To address this, stakeholders identified that supporting social enterprises would assist, but also noted that some of these ventures may not succeed. It was felt that those that do succeed will deliver better outcomes than current government investments.
- There was concern about some businesses using “black cladding” – that is, employing Aboriginal and Torres Strait Islander persons in order to receive a government benefit – but that the business was not actually delivering on its purpose to support Aboriginal and Torres Strait Islander communities.
- There was a need to support a relationship-based approach. It was noted by some supporting organisations that they needed to ensure and maintain close working relationships with social enterprises and Indigenous businesses to help them succeed. A key part of this was providing ongoing mentoring support and encouragement.
- It was noted that an inherent part of the Aboriginal and Torres Strait Islander culture is to serve and provide for the community, so many noted there was an a natural affinity for Aboriginal and Torres Strait Islander persons towards social enterprise because of its social purpose. However, it was noted that many lack business/commercial acumen and that this capability development piece is key to success.
- There was a need for a tailored approach to capability development. It was noted that where capability development and workshops for business development had been provided by the State or Australian government, it was generally not tailored to the local and Indigenous context/s. It was noted that many Aboriginal and Torres Strait Islander persons can speak multiple languages, but that understanding English terms that are not familiar can be a barrier. In addition, it was noted a “metropolitan” view of business concepts was often not relevant or did not take into account issues in relation to remoteness, local networks and contexts, access to services and infrastructure, or the buy-in needed from Aboriginal and Torres Strait Islander Elders and communities for these businesses to succeed.
- Social enterprise was seen as a new and unfamiliar concept, but an old idea. Many noted they had not heard of this term or did not know exactly what was meant by social enterprise. However, it was broadly agreed the principles behind it have been supported and promoted in Indigenous controlled businesses for a long time.

Social Enterprises: Service Delivery Goals

- It was noted that all local communities are different (consistent with feedback more generally on social enterprise). This includes the history of the area, the industries that have been supported in the area, the maturity of the local economy, the access to infrastructure, the levels of education and employment in the area, and the specific Aboriginal or Torres Strait Islander group. This place-based view needs to be taken into account when growing and sustaining Indigenous social enterprises.

Case Study: Aboriginal Development Benefits Trust

Location	Cairns
Legal Structure	Trust
Impact Area	Impact investing, capability-building
Established	1997

The Aboriginal Development Benefits Trust (ADBT) was established in 1997 as part of the historic Gulf Communities Agreement (GCA), which aimed to empower and increase economic opportunities for Native Title Groups through a land use and benefit-sharing agreement among Native Title Groups, the Century Mine mining company, and the State of Queensland. As an Indigenous Economic Development organisation, their core mission is to:

- Identify, promote and support Aboriginal businesses in the gulf;
- Develop business networks within and beyond the gulf region;
- Attract other funding and financing agencies to support ADBT activities;
- Invest in joint ventures with private enterprise; and
- Manage regional investments beyond the life of the Century Mine.

In pursuit of this mission, ADBT provides low interest loans and other financing to small businesses and social enterprises, offers accounting and business training, and supports community development programs in the Northern Queensland region. In 2018, the total income of ADBT was \$2.4 million, with \$1.3 million of that coming from business development funding provided under the GCA and \$776,000 from dividends and other investment income.

Recognising entrepreneurial opportunity in North Queensland

A large component of ADBT's work focuses on sourcing businesses to invest in and collaborate with. They have a strong presence in the regional Cairns area and are either partial or full owners of businesses such as the Normanton Traders Supermarket, Doomadgee Roadhouse and accommodation, Burketown Pub, Daintree Discovery Centre, and Ancient Journeys.

“When we look at starting a business or a program, we consider the holistic assessment – the return to the individual and the community, not just the financial return.” – Troy Fraser, Community, Youth and Economic Development Manager

ADBT understands the value and impact that local business ventures can have in spurring economic development and advancing opportunities for Native Title groups. It works with local councils and Indigenous communities to identify businesses that would benefit and grow from entrepreneurial investing. According to its General Manager Brian Arnold, ADBT's recent growth and success have come from his team's ability to recognise opportunities and find pathways to sustainability. It is important to have culturally-aware entrepreneurs who not only know the community needs, but also understand the long-term implications. Rather than wait for community members to approach them, ADBT sends their team out into regional and rural areas, an approach that Brian Arnold believes could be scaled for government.

Case Study: Aboriginal Development Benefits Trust

Location	Cairns
Legal Structure	Trust
Impact Area	Impact investing, capability-building
Established	1997

Pairing loans with learning

When ADBT partners with small businesses, it supports and grows the small business through financial resources and establishment of strong practices in management and corporate governance. According to Arnold, there are two core components of the ADBT approach which help to ensure success and sustainability:

1. An Indigenous-led bookkeeping and accounting service. Enterprises receive the service pro bono for three months, then can continue to access the service at discounted rates.
2. A co-venture model. Unlike many banks and funds, ADBT remains actively involved and engaged with the enterprises they supply money to. They release the money at specified intervals and coordinate with the business to ensure that it is developing sustainable business practices and governance.

Some examples of their work include collaboration with Doomadgee Shire Council to update and renovate the Doomadgee Bakery. ADBT invested \$1.5 million to establish the Doomadgee Roadhouse, which now provides hot food and other general store items in addition to fuel and petrol. Eighty-six percent of its 14-person staff are Aboriginal members of the community.

Their most recent business investment was a collaboration with Gulf Projects Pty Ltd to open Ancient Journeys, an Indigenous art and retail shop along the Cairns Esplanade. ADBT provided \$1.5 million in start-up funds for this economic development project. The shop provides a space for retail of authentic Aboriginal art and a tour desk that promotes another of their social enterprises, the Daintree Discovery Centre.

Social Entrepreneur Spotlight: Brian Arnold

Brian Arnold is the General Manager of ADBT. He joined the enterprise five years ago as a social entrepreneur to expand the enterprise beyond its traditional model of providing loans. His long-term goal of sustainability is to decrease the enterprise's reliance on the GCA funding and increase its revenue and profits from investment and ownership of social enterprises across the region.

He believes that in order to effectively grow the social enterprise sector, social entrepreneurs need to be actively encouraged and supported by more experienced social entrepreneurs. He believes the mix of both strong social purpose and commercial acumen are difficult to find but can be nurtured. He also noted how entrepreneurs are the people that have the courage to take the first two steps to test an idea, and then assess whether to continue. This mentality requires an approach that rejects risk averse behaviour and over-planning, and embraces courageous action. He believes that even a strong idea without a social entrepreneur may not succeed, but a weaker idea with the right social entrepreneur can still succeed.

Social Enterprises: Income Generation Goals

A less recognised area of focus

Social Traders identified that social enterprises include those supporting an income generation goal to support another business, charity or community. As has been noted in consultation with the Queensland social enterprise sector, these type of enterprises were not often referred to, and are therefore thought to be less common in the sector.

As with the Queensland context, in the UK and Australia it has been found that this type of social enterprise is not as common as other types, although there are some notable exceptions. In Australia this includes organisations like Thankyou Group, who provide 100% of their profits (from retail sales) to addressing global poverty.

One of the key challenges in engagement with the sector was that there were not many social enterprises which pursued income generation goals. It is likely that many of these organisations see themselves as “purpose led” rather than as a social enterprise.

Key Challenges

There were some common themes that arose from the consultation regarding the challenges and barriers faced by social enterprises in Queensland. These are described below.

Social enterprises require a non-traditional approach

The perception of stakeholders was that the higher risk profile of social enterprises does not align with the generally risk-averse business practices of government. Many noted that the opportunities that will truly work in the social enterprise market are identified better by social entrepreneurs, with those who do not have the commercial acumen often identifying opportunities which are not commercially viable or would not be self sustaining. In this commentary, it is important to note that there is an acknowledged and important role to play in establishing “for purpose” charity or not-for-profit organisations which are philanthropically, government grant, or even publicly funded through mechanisms such as crowdsourcing; however, these would not meet the definition of social enterprise.

A further challenge to growth of the sector is that social enterprises in some areas reported being challenged by conservative attitudes and lack of openness to alternative ways to do business within the community. Anecdotally, this was reported as a greater problem in more traditional, inland and regional communities. This made it more difficult for social entrepreneurs to gain funding partners, and even to market their social enterprise effectively and gain community buy-in.

Social enterprises experience difficulties in navigating government procurement processes

The organic and informal understanding around what it means to be a social enterprise in Queensland has created diversity within the legal structures and organisation types that consider themselves to be “social enterprises”. Some businesses begin as social enterprises, others develop as a revenue-generating within a not-for-profit and some develop as the “social impact” arm within a private company.

In Cairns, stakeholders reflected that these “blurred boundaries” can sometimes make it difficult for enterprises to access funds. Small, private social enterprises are often ineligible for grants aimed at not-for-profits, such as community grants. However, many social enterprises are also not mature enough to meet commercial key performance indicators required for small business grants. When smaller social enterprises were asked if they have the capability to tender and also manage a contract internally, they said it would be very challenging. Additionally, there was a general consensus that the language around funding needs to be broadened, and that social impact should be a more prominent criteria element of procurement and grant assessments.

Limited access to early stage (or “seed”) funding

Linked to the above challenge around accessing grant funding and procurement contracts, new social enterprises are at a disadvantage for accessing capital and growing capabilities while in the “start-up” phase. Many social entrepreneurs shared that early stage funding, usually through grants or loans, was difficult to secure but necessary for establishing their business and creating time to develop before the business was viable. One of the key challenges is that this carries a significant risk profile, as – like any small business – some social ventures will succeed while many will not.

Case Study: Incredible Edibles

Location	Gladstone
Legal Structure	Social enterprise within not-for-profit
Impact Area	Employment for individuals with a disability
Established	2017

Incredible Edibles ('ie') is one of two social enterprises created by and operating under the auspices of not-for-profit organisation, Gladstone Community Linking Agency (GCLA). 'ie' originated from 'Tasty Treats', one of GCLA's many capacity building programs. Tasty Treats assists individuals with a disability to strengthen their own independence through the development of safe, home-style cooking skills. As the Tasty Treats team grew in competence and creativity, GCLA recognised an opportunity to provide full-paid employment opportunity with the hobby-style, home cooking group maturing into a fully-fledged catering company. In 2017,

Incredible Edibles Catering commenced providing products and catering services to corporate customers, including Gladstone Regional Council and Queensland Alumina Limited (QAL). Incredible Edibles is currently embarking on their newest venture, ie café. The café is a trendy, rustic style cafe in a popular location of beachside Tannum Sands, due to open in April 2019.

"It is more important to get the timing right to enable our people, rather than simply to capture the commercial opportunity."

– Lorna McGinnis, GCLA Project Manager

Large not-for-profits: Early stage support for social enterprises

Given the not-for-profit's orientation towards enabling social good, it is no surprise that they can often be the foundation of social enterprises. Incredible Edibles received initial capital funding by GCLA and established GCLA as its first paying customer. However, in step with the enterprise's capacity and reputation growth, ie has been able to create its own community profile as an independent entity, although it still benefits from the shelter of GCLA's corporate structure as its umbrella-organisation. In exploring the structural relationship between ie and GCLA, critical elements of success include:

- ie benefits from shared systems for administration, governance and legislative compliance, reducing the financial burden and risks related to operational management and human resource requirements;
- ie is able to maintain its own individual profile and identity for the purposes of marketing, allowing it to attract its own support network and community ownership;
- ie is able to operate day-to-day as a separate business unit with a dedicated budget, operational plan, and tailored performance measures and growth metrics; and
- community confidence in ie is underpinned by the knowledge that all profits are returned to a reputable not-for-profit for further creation of innovative opportunities for people living with a disability to meaningfully participate in and contribute to community life.

The challenge of paced growth to scale-up

Underscored by GCLA's people-over-profit values, ie's leadership team is committed to patient, 'paced growth' of their evolving enterprise. While the support and opportunity received by ie have been an inspiring demonstration of the Gladstone Community's values and desire to support social enterprise of this nature, growth will continue to be managed in a controlled manner to ensure ie's people remain at the forefront of its ambitions and priorities.

Key Challenges

Isolation and burn-out of social entrepreneurs

Several forum participants commented on how working alone (particularly at home) can be a barrier to collaboration and the necessary constructive challenge to help test and drive their innovations to succeed, especially in the early development or start-up phase. The desire for a network and physical space was shared explicitly in Sunshine Coast, Cairns and Logan, but broadly recognised across almost all stakeholders.

Outside of the immediate network, leaders spoke about the need to connect with social entrepreneurs and business leaders from around the country. One participant in Cairns spoke about his career isolation from peers in Brisbane, Melbourne and Sydney. The participant also noted that social enterprises in more remote and regional areas still want to be connected to urban centres. One of the networks in Queensland has drawn on international expertise, linking with a social enterprise expert from Scotland who provides advice for both network and social enterprise growth.

In addition to feelings of isolation for smaller enterprises, businesses of all sizes commented on the high risk of burnout. Many business owners of social enterprise take significant personal financial risks and make significant personal sacrifice to make their social enterprise succeed. Many noted that because of the small scale of their business it was difficult to ever take a holiday, and unforeseen setbacks such as flooding in North Queensland cause significant stress and concern for the viability of the business.

The market does not reward socially-minded businesses

Another challenge identified by stakeholders is the need to fit social and environmental impact mindset into a capitalist market. Social enterprise leaders must think about how they can pursue their philosophies and values in a market-driven economy that rewards different values. Particularly in more regional and traditional communities, there is a societal perception that an organisation with a positive social mission should run more like a charity rather than a private enterprise.

Additionally, social enterprises expressed frustrations around how meeting key performance indicators and outcomes placed stress on new and/or smaller enterprises trying to make a social and environmental impact. Enterprises found resourcing both the administrative/reporting aspect and social impact measurement aspect difficult with a small workforce. Some also did not have the tools or support needed to be able to start to measure impact, while many noted the difficulty in measuring some social benefits (e.g. demonstrating that a subset of the population is kept “alive and well”). In addition, some noted who the social impact measurement was benefiting with the challenge that this may be more of a financier or government imposed desire, while the social enterprise focus will be on running the business without any additional administrative evaluation burden.

Greater awareness and negotiating power is needed

Social enterprises identified the need for greater power and leverage at the negotiating table in both the private and public domains. Social cooperatives and other networks that give a voice to social enterprises and advocate for their interests provide support for the sector, especially smaller enterprises. Corporate organisations often do not have the same “rigid requirements” set by government and may also play a key role in mentoring in business acumen and commercial aspects of running a business.

Case Study: yourtown

Location	Based in Kingston, services SE Queensland
Legal Structure	Not-for-profit
Impact Area	Employment for disadvantaged youth
Established	2002

The social enterprise 'yourtown' is a national not-for-profit organisation that supports the needs of disadvantaged youth and aims to improve short- and long-term outcomes for children and teenagers. yourtown provides services in education, employment, domestic and family violence support, and Indigenous youth engagement. It also offers programs such as art and recreational workshops for those with mental health issues, driver mentoring, learning programs for those disengaged from school, and a kids helpline. It has twenty sites across Australia, employs over 600 full time staff, and generated an annual revenue of \$101 million in 2018, which was reinvested back into the organisational mission.

Its social enterprise arm was developed 17 years ago as a way to provide greater opportunities for disadvantaged youth to gain paid work experience and training. The social enterprise arm of yourtown employs disadvantaged young people in delivering landscaping and construction services. In Queensland, yourtown has employed over 1,400 young people and collaborates with Skilling Queenslanders For Work. Its mission is to develop entry-level skills and work experience so young people are more competitive when applying in the job market.

Spotlight on Social Enterprise Consortia

Forming a consortium is often a popular solution among small companies in the private sector looking to increase their competitiveness for large jobs and contracts. Taking a lesson from the corporate world, yourtown Manager Sarai Tuuga went into a consortium with four other Logan-based social enterprises to tender for work with Logan City Council. Tuuga leveraged the social enterprise network to identify who could potentially partner with yourtown and she assessed the capability of each partner. Although the effort took a lot of time and negotiation to form the partnership arrangement, the consortium was ultimately successful.

Tuuga reflected, "There is opportunity in learning from the experience of for-profit and private enterprises, and thinking about how these lessons can be applied to social enterprises and socially-minded businesses."

Work-based social enterprises grow the workforce

In each community they operate in, yourtown looks to offer support for re-engagement with schools and further young people's training and employment prospects. Their driving mission is to find a pathway towards independence and sustainability for young people.

As a part of this mission, yourtown's social enterprise arm aims to equip young people with work readiness skills and strengthen their employability capability. The program works with young people who are difficult to place directly into mainstream employment in order to develop skills in a supported environment.

Through the program, young people are supported by Enterprise Trainers who provide supervisory and mentorship guidance and a caseworker funded by yourtown who works with the young person to address non-vocational barriers. For example, the caseworker will work with the young person to obtain a drivers licence while the young person continues to work full time.

Case Study: yourtown

Location	Based in Kingston, services SE Queensland
Legal Structure	Not-for-profit
Impact Area	Employment for disadvantaged youth
Established	2002

Need for greater government support in growing awareness

One of the many challenges that yourtown faces is a lack of recognition and appreciation for the value that social enterprises bring when competing for commercial and government contracts. The business team at the yourtown social enterprise has adopted a grass-roots approach to actively socialise the concept among public and private entities in order to increase awareness. Anecdotally, about 1 out of every 2 companies approached has an interest in supporting socially-driven enterprises, but often smaller companies cannot justify the higher cost. A more concerted effort around promoting and educating the public around the potential of social enterprises could benefit the sector.

“The success of social enterprises is often dependent on individual stakeholders. We have been fortunate that key people within the procurement team value and understand what social enterprises offer. [The State Procurement team] seems to take a real interest in the social outcomes, beyond just the contractual relationship.”

– Sarai Tuuga, yourtown Social Enterprise Business Manager for Queensland

One teenager's story

Story as shared by Sarai Tuuga, yourtown's Queensland Social Enterprise Manager

An Aboriginal young person, who didn't have any work experience, had come to yourtown as a result of being involved in illegal activity. His assignment was part of his conditional bail, so he undertook a “back to work” program. He had a troubled home life and lived with extended family.

Despite initial hesitations, this young person demonstrated a commitment to the work and quickly grew to be regarded as a peer leader among the young workforce. yourtown supported him in obtaining his drivers licence and in securing a carpentry apprenticeship for him after he demonstrated a strong interest and passion for the work. Tuuga reflected on how quickly this young person made friends and established a new social network based in yourtown. Since starting, he has not missed a day at work. *“He's a real beacon within the enterprise team. He has demonstrated a strong propensity for leadership. As part of running the social enterprise, we try to give our young adults the opportunity to lead through being assigned as a 'pseudo-supervisor' for a week. He just outshone his peers,”* reflected Tuuga.

Key Challenges

Engaging with the private sector

Social enterprises in Logan reflected that they do not necessarily need more money, but rather more opportunities to engage with corporate Australia and universities. All forums emphasised the role that government could play, either directly or by providing incentives (GST credits and discounts) for the private sector to partner with social enterprises. A considerable desire was also expressed for the facilitation of connections between the sector and banks/financial institutions and funding partners. In general, there was enthusiasm for the idea of government as a hub within the social enterprise ecosystem – it could connect social enterprises with area networks, advertise education opportunities, and provide links to corporate Australia.

Social enterprises require upskilling in business acumen

Most social enterprises know the social impact area of their company mission, but identified that they would benefit from training and support in other business areas. Across all four regional forums, the following knowledge areas were identified as areas with which social enterprises often struggle:

- Financial management;
- Accounting;
- Business promotion and marketing (including social media);
- Establishing governance and policy;
- Applying for grants/contracts;
- Other legal advice; and
- Measuring social impact.

Many social enterprises see the migration of business experience coming towards the sector as an exciting opportunity and are hoping to tap into this expertise. However, one of the challenges is that these skills and capabilities are needed in a tailored way that understands and respects the social mission and purpose of social enterprises. In addition, the capability development needs to be provided in a “just-in-time” way so that the capability can be applied in practice immediately. A key aspect is that many social entrepreneurs are time poor and would not be interested in a lengthy degree or course that did not provide immediate and demonstrable benefit to the social enterprise they are establishing or which they are taking to scale.

Regional and remote areas have barriers to entry

Some of the biggest challenges facing regional and remote Queensland are weather-related damages, particularly floods and the impact this has on the small business sector (including start-up social enterprises).

Further barriers in rural and remote Queensland include access to information technology, telephone and internet services, the ability to connect to networks in larger centres and access to the supply chain needed to deliver a good or service. One stakeholder who was helping to support artists in Indigenous communities noted that a key part of his business included nurturing local artists who did not have the self-belief in their own talent because they had minimal market access and therefore very little feedback about the desirability of their works.

Case Study: Red Ridge Interior Queensland Ltd

Location	Blackall
Legal Structure	Charity linked to a foundation
Impact Area	Aboriginal arts and culture; community
Established	2009

Red Ridge is an organisation which covers 15 local government areas in the Central West Queensland, from the Boulia Shire Council to Paroo Shire Council regions. Covering 630,000 km², its mission is to strengthen communities through participation in the arts and other cultural activities. Red Ridge was established through the Remote Area Planning and Development (RAPAD) Board initiative. Although it is an independent company, Red Ridge shares a common board with RAPAD, which is comprised of a representative from each community within the region.

Red Ridge has a suite of 8 program areas that drives its mission of connecting community members and increasing expression through art:

- Community arts and cultural development;
- Health, ageing, and the arts;
- Craft, arts, and exhibitions;
- Eco arts;
- Arts tourism;
- Public art;
- Indigenous and multicultural support; and
- Arts up (skill-building).

Their work often involves collaboration and empowerment of marginalised or disadvantaged members of the community. Red Ridge is supported by the Red Ridge Foundation and is a company with Tax Charity Concession (TCC) and Deductible Gift Recipient (DGR) status. In addition to developing and maintaining community-run programs, Red Ridge also maintains an online store that sells the handicrafts and art created through its programs.

Community-led success

Red Ridge's success comes from its grassroots origin and the recognition of local people and their skills. The organisation responds to community needs by actively working with members of the community to establish programs. According to its manager, Louise Campbell, organisations become sustainable when community members feel empowered and have a sense of ownership with the work of the enterprise. In 2014, an elder in the Blackall community collaborated with Red Ridge to teach bushcraft leather skills to unemployed and disabled young men, which forged connections across generations and preserved an important piece of their heritage.

"Listen to people on the ground. Don't be prescriptive. Let them find their own way."

– Louise Campbell, Manager of Red Ridge

Current challenges

Currently, their biggest challenges are grant application processes and reporting requirements, which are de-centralised and require significant time and effort for each funding source. In order to be competitive, organisations have to divert limited resources and staff to responding to tenders. Given that grants and funding opportunities come from different sources, time is lost in having to re-write and reformat content for different applications and reporting templates. Delays in funding cause community members to lose momentum and increase the risk of them dropping the program all together. Additionally, circumstances such as banks and post offices closing can inhibit social enterprises, and any small businesses, in remote and rural Queensland.

Despite these challenges, Red Ridge finds energy and power in their local communities and passionate staff and continues to grow their programs and initiatives.

Key Enablers

A portion of the discussions at the regional forums also centred on what social enterprises find most helpful in developing and sustaining their businesses.

Networks, peer support and mentoring

Networking and establishing relationships within the ecosystem (including “building social capital”) assist in the long-term sustainability of social enterprises. There was particular interest around establishing shared common spaces, or co-working hubs, to facilitate sharing and networking across social enterprises, small businesses and for purpose organisations. Some accelerators and incubators are already doing this.

Similar to start-up incubators, they provide office space and often support services (photocopying, shared administration services, sometimes even food) for social entrepreneurs. It was noted that, ideally, these hubs would also provide just in time access to other business supports, such as information technology, accounting services and connections to other social enterprises and mentors.

Across Queensland, both universities and local governments have helped to facilitate the promotion of place-based networks and communities. It was felt that these networks had been crucial to growing local maturity of both social enterprises and the social enterprise ecosystem, and ideally would be established in other regions to help grow and sustain the sector.

Public awareness

Social enterprise was noted as an old concept but a new term by many stakeholders. This is leading to a lack of knowledge from the general public, and social enterprises themselves, about what they do and whether they are genuinely working in the social enterprise sector.

Given this need to better understand the sector, all regional forums advocated for State Government support as a means to increase recognition of the important role social enterprises play in local communities and across Queensland.

A further key enabler for the sector was noted to be a clear definition (building on the one used for mapping in this Report) and certification process that would provide validity to the term “social enterprise”.

The grass-roots movement

Stakeholders noted that there is a very strong local grass-roots movement within Queensland for social enterprise, and that this is evident in particular hubs, specifically Cairns, the Sunshine Coast, Logan-Baudest and Brisbane City. Some also noted that there was momentum to grow the social enterprise sector on the Gold Coast, but that in the last few years this has waned. In these locations there are a number of both unique social enterprises and ecosystem supports suggesting that, where the ecosystem is strong, social enterprises can be enabled to grow and flourish. There are some exceptions to this, as there are a number of social enterprises identified in the Toowoomba region; however, no established social enterprise network for that region was identified.

Accelerators and incubators

There are a number of examples where accelerators and incubator organisations have assisted in the growth and development of social enterprises, particularly in the start-up phase. One of the key examples of this is Impact Boom which work with the Brisbane City Council to grow and support approximately 25 social enterprises each year.

Key Enablers

Social Entrepreneurs

It was acknowledged by many stakeholders that there are a number of pioneers in the social enterprise area who reside in Queensland. This deep knowledge, passion and experience in seeking to grow the social enterprise sector across Australia should be leveraged in the Queensland context. Some noted that this could be done by keeping track of these key people and using them to grow and expand the expertise in Queensland. While some of the people identified were academics, most were social entrepreneurs.

While social entrepreneurs are distinct from social enterprises, they were acknowledged as a rare breed that are both driven by a social purpose and also possess the ability to run a commercial business.

In an interview in 2019, a social entrepreneur, Dave Lintin, summarised this well when he said:

“That would be the biggest challenge in social enterprise; you’ve got to really run a business and business is hard work on its own. And then you’re setting up a charity mindset of giving. So you’re running two things. Social enterprise is not an easy option. It’s a harder option. But it has a lot more impact” – Lintin, 2019.

In recognition of the key role social entrepreneurs play in growing and developing social enterprises, there are many examples around the world where training, developing and growing social entrepreneurs is a key policy initiative. A key part of this is recognising that not every business venture social entrepreneurs instigate will be a success. A case study on the Sydney School of Social Entrepreneurship is provided in this Report.

Case Study: Impact Boom

Location	Brisbane-based, global digital presence
Legal Structure	Small business
Impact Area	Accelerator for social enterprises
Established	2016

Impact Boom is a social enterprise that connects and empowers other social enterprises by providing resources, tools, and networking opportunities to entrepreneurs looking to tackle social and environmental challenges. Impact Boom currently has 10 globally based team members. Half of their revenue is generated from contracts for the delivery of goods or services to government, and the other half comes from profits/ surplus from the delivery of sales/ services to the general public.

Their flagship accelerator program is called Elevate+, which consists of a competitive application process to form a cohort of approximately 15 social enterprises. It assists social enterprises to sustainably scale up over the period of a 20 week program. Scalable resources such as digital modules are used to develop technical and business development skills. These lessons are supplemented with weekly in-person workshops by industry professionals, as well as personal and group mentoring sessions. Impact Boom also facilitates connections with other social enterprises, partners, and funders. The second primary initiative is Impact Boom's podcast and blog, which features interviews with global leaders to draw the latest insights into developing the sector and creating solutions for complex issues within it. The initiative has a global base and has a growing team of contributing editors in Brisbane, Melbourne, London, Barcelona, Munich, and San Francisco. Impact Boom are media partners for the Social Enterprise World Forum.

Plugging into local and international networks

Elevate+ is funded by Brisbane City Council and Seven Positive, the strategic design consultancy company of founder Tom Allen. Beyond the financial support, it also engages with the Yunus Social Business Centre at Griffith University for workshop venues and general consultation and support. Impact Boom organises networking events and workshops for social entrepreneurs in South East Queensland and interstate. Allen sits on the Board of the Queensland Social Enterprise Council (QSEC) and the Logan Social Enterprise Network, as well as the Advisory Panel for QUT Bluebox ImpaQt.

Impact Boom is leading the bid to bring the Social Enterprise World Forum to Brisbane in 2021. According to Allen, the opportunity would *"encourage investment, build community, grow capacity and strengthen the local and international social enterprise network."*

Social Entrepreneur Spotlight: Tom Allen

Tom Allen, the founder of Impact Boom, got his start in the corporate sector working in design for Hewlett Packard. He lived in Barcelona for 9 years and began to refine his work around human-centred design, gaining a reputation for innovation and design in the European start-up world. Allen's passion for social enterprise was born through his work with clients who had strong social and environmental impact missions.

When he moved back home to Australia, Allen established a social enterprise accelerator; ran a nationally awarded high school-based entrepreneurship programs called Jump Start and Fix-ed; and lectured at Queensland University of Technology and Griffith University, which he still does today. He went on to found Impact Boom in 2016 and continues to promote awareness, growth, and innovation of the social enterprise sector globally and in Brisbane.

Case Study: Impact Boom

Location	Brisbane-based, global digital presence
Legal Structure	Small business
Impact Area	Accelerator for social enterprises
Established	2016

Micro and macro level impact in the social enterprise sector

Impact Boom has a two-part approach. It aims to both influence the smaller pieces of the ecosystem through direct work and capacity building with social enterprises, and also address the ecosystem holistically through awareness, networking and policy advocacy. Its Elevate+ program is competitive, fast-paced, and features an array of “pitch” events, where social entrepreneurs gain the business, communication and marketing skills that are critical success factors. The program also aims to develop the personal skills of each founder participating. It is strongly connected into local and international networks.

Through its work with social enterprises, Impact Boom has identified three main elements that are important for success:

Finance/Funding: Early stage funding, either from private or public sources, aids entrepreneurs to validate and test their model early, a practice encouraged by Impact Boom.

Knowledge: Education is fundamental. More commonly, founders know the kind of impact they want to implement, but they don’t have the business knowledge or a support network (business processes, tools, etc.) to sustainably develop the company. Learning business best practices and approaches can be critical in establishing and growing social enterprises.

Access to a community of support: This is one of the core missions of Impact Boom. Combating the loneliness of being a social entrepreneur and increasing access to mentors is important. Strengthening networks and connections not only creates support to social entrepreneurs, but it also encourages learning and innovation through collaboration.

Measuring Social Impact

One of the key challenges at both an organisational level and system level is measuring the social and economic impacts of social enterprises. While discussion papers exist contemplating whether this is even possible, and a range of different tools and methodologies have been created to assist social enterprises (and other like organisations) to measure social impacts in different contexts, it is an area that requires further development.

The social impact measures included here are discussed in terms of their impacts as a result of a focus on employment of disadvantaged job seekers, their service delivery approaches particularly linked to places of higher socio-economic disadvantage, and those which generate income for a philanthropic purpose.

Difficulties in Measuring Social Impact

Social impact of social enterprises in Queensland

The social impacts attributable to social enterprises in Queensland are likely to be broad and related to the purpose of those enterprises, or specific aspects of their operating model (e.g. employment of disadvantaged individuals). As a result, there are difficulties in measuring the social impact of these enterprises at an organisation level, but also at a regional, State or national level.

“Any study designed to assess the economic, social and environmental impact of the [social enterprise] sector will need to combine knowledge of the size of the sector with an understanding of the impacts it creates and the processes by which they are created. At present there are significant gaps in understanding of the latter...”
– Hart and Haughton, 2007

While research has been undertaken to examine the impact of achieving outcomes in addressing disadvantage through employment, and for other areas of social impact, there is very limited data available to support an assessment of the breath of social impacts covered by the diverse range of social enterprises in Queensland. For example, while there is an accepted understanding of the benefits of providing employment for disadvantaged groups and it is known that this is a focus of many Queensland social enterprises, a proper analysis of the impact of these enterprises requires additional data. This includes the number of additional employees, details on their income and employment arrangements, an understanding of the nature and extent of their disadvantage and employment prospects in the broader labour market, and longitudinal baseline materials with which to compare the outcomes delivered over time.

These limitations suggest a need to grow the evidence base through research regarding the impact of social enterprise at a system wide level.

Approach

Given the difficulties in measuring social impact, and the diversity of the social enterprise sector in participants’ purposes, target groups and industry specialisations, there are some common approaches that may support understanding impact. These approaches include looking at social enterprises that target employment outcomes, those with specific service delivery goals in areas of high socio-economic disadvantage, or organisations which focus on providing financial aid. This is shown in Figure 27.

Figure 27: Approach to social impact measurement

Type	Key Social Impact
Employment goals – businesses that provide employment, training and support for marginalised groups.	The social impact of providing employment opportunities, particularly in relation to long-term disadvantaged job seekers.
Service delivery goals – businesses that create or retain services in direct response to social or economic needs in the community.	The social impact of place-based approaches whether they be to address factors related to socio-economic disadvantage including at a community or individual level, environmental outcomes, or other complex, multi-faceted problems.
Income generation goals – businesses that generate profits to support other community or not-for-profit organisational activities.	The social impact of philanthropic and charitable donations (or aid) to specific communities, groups or individuals.

Source: KPMG, 2019



The Social Impact of Employment Opportunities

Estimating social impact of employment for disadvantaged groups

“Long periods of unemployment have been shown to have potentially ‘scarring’ effects which have a harmful impact later in life, particularly for young people ‘not in education, employment or training’. It can lower future income levels, skills validity, future employability, job satisfaction, happiness and health levels” – OECD, 2013.

Long-term unemployment or a failure to engage those who are marginalised from the labour market results in significant economic and social costs to those individuals, their families, local communities and society as a whole. These costs can be avoided or reduced through the employment of disadvantaged groups by social enterprises (or other organisations).

It should be noted in this analysis (as has been outlined in other parts of this Report) that, while social enterprises do tend to employ a larger number of long-term disadvantaged job seekers as a proportion of their workforce when compared with “traditional” businesses, not all social enterprises employ vulnerable groups in the fulfilment of their mission.

Figure 28: Benefits of employment for disadvantaged groups

Impact	Description
Increased earnings to the individual	<p>The employment of an individual who is disadvantaged and more likely to experience periods of unemployment will result in increased income to that individual (compared to NewStart or other applicable Government allowances). For example, even the minimum wage (\$719 per week) represents a significant increase in income compared to NewStart (approx. \$550 per fortnight).</p> <p>As well as the direct income impact, research also indicates that extended periods of unemployment are likely to impact future earnings. For example, a six month period of unemployment at the age of 22 results in an 8% lower wage at 23, and by ages 30-31 wages would be 2-3% lower than they would have been otherwise (Bell & Blanchflower, 2010).</p>
Saving of unemployment benefits and support provided by Government (and revenue impacts)	<p>As well as the direct income benefits of employment to the individual (equivalent to the increase in net income), there are also considerable savings to Government from the employment of the long-term unemployed and/or disadvantaged individuals.</p> <p>This includes the direct savings from avoided expenditure on unemployment benefits (e.g. NewStart), expenditure on employment services (e.g. CDEP, JSA, DEP, etc), and increases in taxation revenue generated by Government from paid employment.</p> <p>The extent of savings to Government will vary depending on the sustainability of employment outcomes and the level of employment support that would otherwise have been provided, which can both vary significantly depending on the nature of the disadvantage and the extent of program support available.</p>
Improved mental health outcomes	<p>Research has found that continued periods of unemployment are associated with a decline in mental health (Milner et al, 2014), which can then have the compounding impact of making gaining employment more challenging.</p> <p>There is also evidence that employment contributes to improved mental health outcomes for individuals with differing levels of disadvantage. For example, employment is related to a decrease in mental health symptoms and higher quality of life for those with schizophrenia as well as those with physical disabilities (Marwaha & Johnson, 2004; Turner & Turner, 2004), and employed individuals with a disability experience only 18% of mental distress compared with 40% for those with a disability who are unemployed (Okoro et al, 2007).</p>

The Social Impact of Employment Opportunities

Impact	Description
Improved health outcomes	<p>There is some evidence of a link between unemployment and health outcomes for members of the general population, with unemployment consistently associated with higher rates of mental health (including anxiety and depression), suicide, para suicide, and less consistently associated with higher rates of cardiovascular disease, respiratory disease and musculoskeletal problems (Harris & Harris, 2009).</p> <p>There is stronger evidence of improved health and life outcomes for individuals experiencing disadvantage. For example, in the US persons aged between 18-64 with a disability had significantly lower rates of smoking and higher quality of life if they were employed, compared to being unemployed. In addition self-reported health status was significantly higher for those who were employed compared with those who were not (Hall et al, 2013).</p>
Improved community engagement / participation	<p>Employment provides marginalised individuals and communities with social connections and assists in mitigating the risks of social exclusion. While this is difficult to measure or quantify, connections to community and social inclusion are identified as key outcomes sought from programs targeted to new migrants (e.g. Given the Chance Asylum Seekers, Brotherhood of St Laurence) or other disadvantaged groups.</p>

Source: KPMG, 2019

Based on the above, the social impact of Queensland social enterprises resulting from the employment of disadvantaged or marginalised groups will be dependent on the number of individuals employed across the sector, the sustainability of those employment outcomes and the complexity of the individuals’ disadvantage. For example, the sustainable employment of a person with high levels of disadvantage will provide a greater return than the short-term employment of an individual with greater prospects for employment within the broader labour market.

The Social Impact of "Place"

Estimating social impact of community engagement

Around the world there is an increasing focus on place-based approaches to solving complex problems, particularly around addressing the needs of the most disadvantaged in society. The Department of Social Services (Commonwealth) defines place-based approaches as:

"A place-based approach is a collaborative, flexible response to local disadvantage in which the community is the primary driver of change, and where data and evidence are used to guide practice and innovation."

The goal is long-term, large scale change and the development of the approach is shared between the community, governments and other stakeholders, and recognises the value of local knowledge and the primacy of social relationships."

While not all place-based approaches will involve social enterprise, and not all social enterprises are based on local needs, place-based frameworks and the evidence around the impacts of such approaches are a useful frame in which to consider the impact of service delivery focused social enterprises.

Figure 29: Benefits of community engagement and place-based approaches.

Impact	Description
Targets areas (towns and suburbs) of long-term socio-economic disadvantage	<p>There are a number of data sources that have been created in Australia to identify locations of disadvantage, such as the Australian Bureau of Statistics' Socio-Economic Indexes for Areas (SEIFA) and the data underpinning the Dropping off the Edge report commissioned by Jesuit Social Services and Catholic Social Services Australia.</p> <p>These show that there are pockets of higher disadvantage across Australia. These tend to be concentrated within:</p> <ul style="list-style-type: none">• Regional and remote Australia, and often communities with high Indigenous populations; and• Middle and outer suburbs of major metropolitan areas (DSS, 2017). <p>The impact of this is better measured at a system wide level where areas of higher socio-disadvantage (for example measured through SEIFA) can be mapped against the locations of social enterprise. This may help to explain why in areas such as Logan in Brisbane's south, are a hub for social enterprises.</p>
Seeks to fill gaps left in the market and/or address market failings through innovation	<p>Social enterprises often respond to these "market failings" by addressing and supporting those vulnerable people who have not been effectively supported and assisted through government policies and interventions. Across the literature there is an argument that social enterprises are therefore innovative in the way in which they approach and tackle these gaps in the market, and that this innovation impact should be considered by governments as a key reason to grow and develop the sector (Brookes, 2016).</p>

The Social Impact of "Place"

Impact	Description
Addresses more than one single aspect of socio-disadvantage (and utilises a whole of person and whole of community approach)	<p>One of the key arguments for place-based approaches is that it greatly assists people experiencing multiple and inter-related forms of disadvantage and provides a platform for the delivery of a more integrated and holistic suite of services and supports (Byron, n.d.).</p> <p>Governments have historically pursued person-based approaches to managing disadvantage and often look at a single indicator (such as mental health or homelessness, or education or employment levels) rather than viewing all of these in factors in combination.</p> <p>While evidence on impact in this area is both limited and debated, benefits include:</p> <ul style="list-style-type: none">• Addressing place helps to influence the health and wellbeing of the targeted groups. For example children’s daily experience in the environment around them has been found to be a significant factor in their overall wellbeing (Royal Children’s Hospital, 2011); and• Effective place-based approaches target both individuals as well as social infrastructure and the surrounding environment. This has been found to build community development, support social inclusion, encourage ownership at the community level for their own issues over time, and create more integrated services that are more effective in engaging disadvantaged individuals and their families (Royal Children’s Hospital, 2011).
Promotes and enables community: buy-in, support and social inclusion	<p>The advantage of place-based approaches is that they necessitate community engagement and respond to community need. When developed collaboratively with communities, the initiatives are more likely to receive community buy-in and support, achieve social inclusion for targeted disadvantaged participants (for example refugees, or at risk youths), and provide positive benefits across a range of socio-economic indicators (Byron, n.d).</p>

Source: KPMG, 2019

The social impact of Queensland social enterprises resulting from service delivery in response to a place-based need requires a rigorous evidence base (which does not presently exist) to be effectively evaluated.

Social impact will be associated with the number of disadvantaged individuals targeted by the service, the impact of that service on the socio-economic status of the individual and wider community, the sustainability of those outcomes, the complexity of disadvantage, the level of community engagement and qualitative indicators such as social inclusion.

Given the diverse nature of social enterprises, it is very difficult to draw clear economic outcomes without a bottom-up approach to measuring social impact.

The Social Impact of Philanthropy

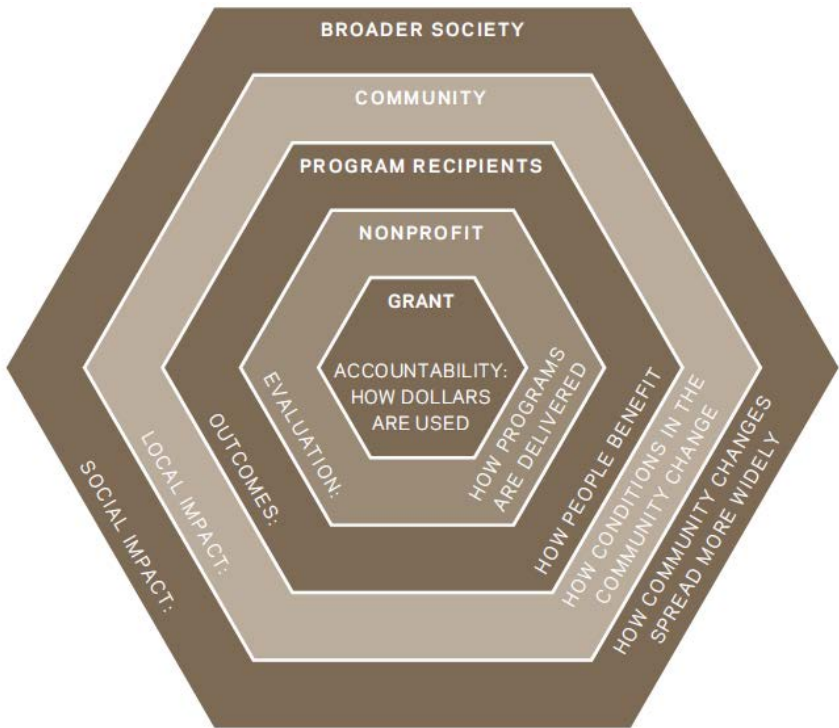
Estimating social impact of philanthropy

As with all other measures of social impact, there is significant debate around the world about how to best measure the impact of philanthropic donations, including aid provided to developing countries. This has been an area of significant government attention; however, the vast majority of analysis in this area notes the limitations to the collection of qualitative and quantitative data, as well as the diversity of what the philanthropic donation is seeking to achieve in terms of purpose, industry sector and even country where the donation will be received.

Prima facie, an assessment of this nature would involve the identification of the amount of funding that is donated to either another organisation, business venture, or country. However, this is not possible in the absence of clear identification of how many social enterprises are structured to achieve income generation goals, and how much money (profit) is put into these ventures.

At an organisation level, these types of social enterprises should be measuring the social impact of their investment to ensure it is delivering the intended benefits. Frameworks have been developed in an international aid context which may be particularly useful to these types of social enterprises. Figure 30 outlines a framework in which the Rockefeller Philanthropy Advisors organisation in the US suggests thinking about the value of philanthropic donations to ensure it is achieving best possible value for the funder.

Figure 30: Levels of assessment philanthropic donors should consider when assessing impact



Source: Rockefeller Philanthropy Advisors, 2017



Part C explores and identifies possible future government interventions that could support the social enterprise sector in Queensland based on stakeholder views, national and international best practice and the current state of the sector. This section comprises:

- Eight key areas that could be considered by the government to further support the sector. These are: development of a social enterprise strategy; access to finance; support of the ecosystem; procurement reform; accreditation and recognition; regulatory and legal structures; research and evaluation; and regional support mechanisms;
- A range of case studies based on expert interviews, including detail on the initiative's practical application, lessons learned and what worked well; and
- A consideration of the Queensland context, taking into account feedback from the sector, current support areas, sector needs, expected benefits and current concerns.

Government Support Areas

Around the world there are a number of government reforms at local, State/regional and federal/whole-of-country levels that have been established to support the growth and sustainability of social enterprises. Government support for social enterprises has increasingly been coming to the attention of policy makers.

Key inputs

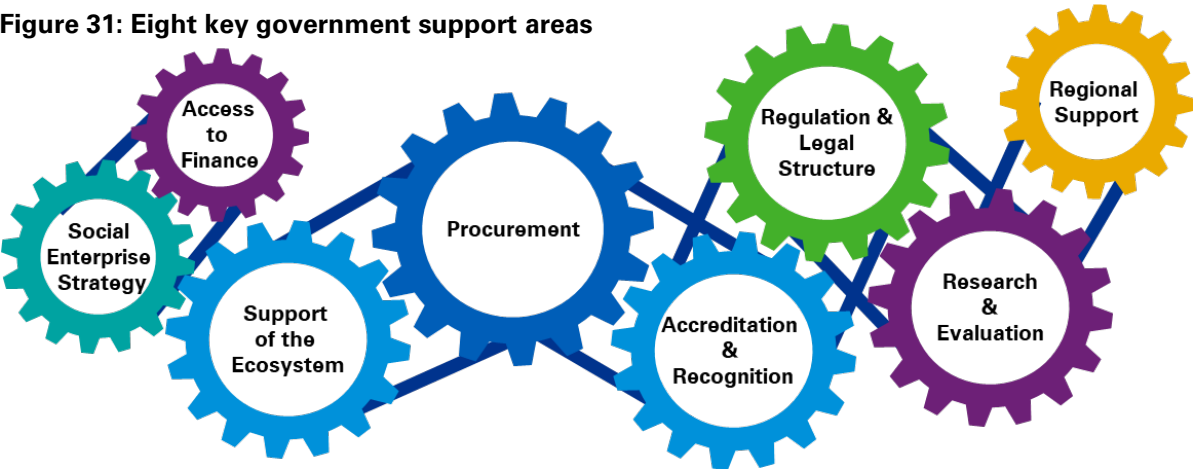
Part C of this Report involves harnessing the key insights from national and international experiences to explore possible government interventions that could be implemented as future strategy or policy to support the social enterprise sector. To inform this discussion the following key inputs have been leveraged:

- Current and previous relevant social enterprise initiatives in other jurisdictions, including Canada, the UK (including Scotland), Victoria, the US and New Zealand. This information has been drawn from the country profiles developed in Part A;
- The current Queensland context, including the key players in the sector, the current maturity and growth of the sector, and the different needs of social enterprises and the ecosystem. This information has been drawn from the detailed analysis in Part B;
- The historical context within Queensland and Australia more broadly, including previous initiatives and any lessons learned from their application to the Queensland market; and
- Engagement with the social enterprise sector in Queensland and listening to what the sector feels they would benefit most from in terms of State Government support into the future.

Identified initiatives

Based on the national and international best practice scan, eight key initiative areas have been identified where government could support the social enterprise sector.

Figure 31: Eight key government support areas



Source: KPMG, 2019

Each of these initiative areas are discussed in detail in Part C of this Report, which includes national and international examples, Australian case studies and feedback from the sector.

The Case for Government Support

“Social enterprise has the potential to tackle some of the toughest social issues we face, and tackle them at source. To act as a mechanism for community empowerment, helping communities deal with issues they face. To provide a positive influence on the world of commerce, modelling a more ethical way of doing business. And, on top of all this, to help us become a more innovative, entrepreneurial society.”

-Scotland's Social Enterprise Strategy 2016-2027

The following section outlines:

- Rationale for government support;
- Strategic goals;
- Expected benefits; and
- Defining the sector.



The Case for Government Support

Rationale for government support

The key reason to target this sector (while small in comparison to many others) is that social enterprises achieve a beneficial social purpose for the community and often provide support (either directly or indirectly through their operational approach) to the most vulnerable or disadvantaged parts of the community.

Across the world there is increasing support by governments at national, regional and local levels to support the social enterprise sector. While the rationale for this is not in many cases explicit, the focus of this support is often framed around the sector's success in the employment of long-term disadvantaged job seekers and the social and economic benefits of employment outcomes across the wider population and society. This particular goal has been a key focus of governments across the world, particularly following the global financial crisis and the resulting higher unemployment and underemployment rates in many countries.

While not all social enterprises employ people from disadvantaged backgrounds, the majority of social enterprises support those lower socio-economic cohorts in society, whether it be through employment goals, service delivery goals or income generation goals. There are also some cases where the beneficiary is the environment, rather than a person or group of people.

In Queensland, the sector is emerging and growing without significant government intervention. However, government support is likely to more rapidly grow the size and scale of the sector, and may assist in removing some of the key barriers that are identified as inhibitors to the growth, success and sustainability of the sector (such as funding support, capability development and providing access to a thriving ecosystem).

Strategic goals

It is expected that strategic goals to support the social enterprise sector would include:

- Increasing the number of social enterprises across Queensland, including in areas of higher socio-economic disadvantage;
- Increasing the sustainability of social enterprises across Queensland, including in both their start-up phase and when they are growing to scale and expanding their mission or purpose;
- Promoting awareness of the social enterprise sector within the wider business community and Queensland population;
- Increasing the capability and skills of social entrepreneurs to support further innovation as well as sector growth and sustainability; and
- Supporting a strong social enterprise ecosystem, that can facilitate and nurture social enterprises' growth regardless of their purpose, industry sector or location across Queensland.

The Case for Government Support

Expected outcomes

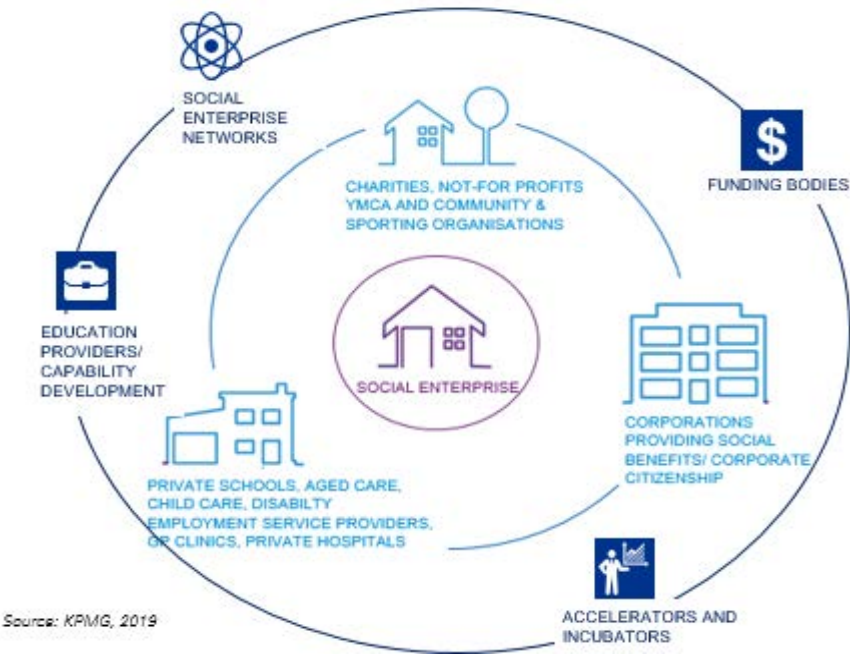
The expected outcomes resulting from government support include:

- Greater awareness of the social enterprise sector amongst Queenslanders and the business community;
- Greater clarity of what is meant by the term “social enterprise”, including the diversity of the sector in purpose, industry focus, type and location in Queensland;
- Improvements in the identification of social enterprises, allowing the sector to be more fully supported;
- Increase in the number, size, and sustainability of social enterprises in Queensland;
- Greater adoption of social purpose principles and projects across the wider business sector;
- Improved partnerships within the social enterprise ecosystem and across the wider community and business sector;
- Increased innovation and social entrepreneurship across Queensland; and
- Greater support for local place-based solutions for complex social problems, which in turn empower the community and local populations to drive change.

Defining the sector

Government support for the social enterprise sector is expected to be broader than for just those organisations that fall within the definition used in this Report. As per Figure 32, it would be anticipated such support would draw on a wider continuum of the small to medium sized business sector as well as the wider ‘ecosystem’ of the social enterprise sector.

Figure 32: Broader definition of the sector



Social Enterprise Strategy

“The [Victorian] government has consulted with more than 160 social enterprises and stakeholders to ensure the strategy reflects the needs of the sector. This is a landmark strategy that supports initiatives to grow jobs, boost market access and support the growth of social enterprises. Almost 50 percent of social enterprises have emerged in the last three to five years which goes to show that the model is a success. What governments can do is be an enabler to support that growth.”

-The Hon. Wade Noonan, Victorian Minister for Industry & Employment

The following section outlines:

- International leading practice in the development of social enterprise strategies;
- Case Study: Victorian Social Enterprise Strategy; and
- Key insights and themes.





Background

Organisations globally are transforming from a foundation embedded in financial performance to a new generation of organisations measured on their impact to society. Governments are increasingly playing a key role in developing and publishing official social enterprise strategies to signal their commitment to supporting the sector and establishing its strategic priorities.

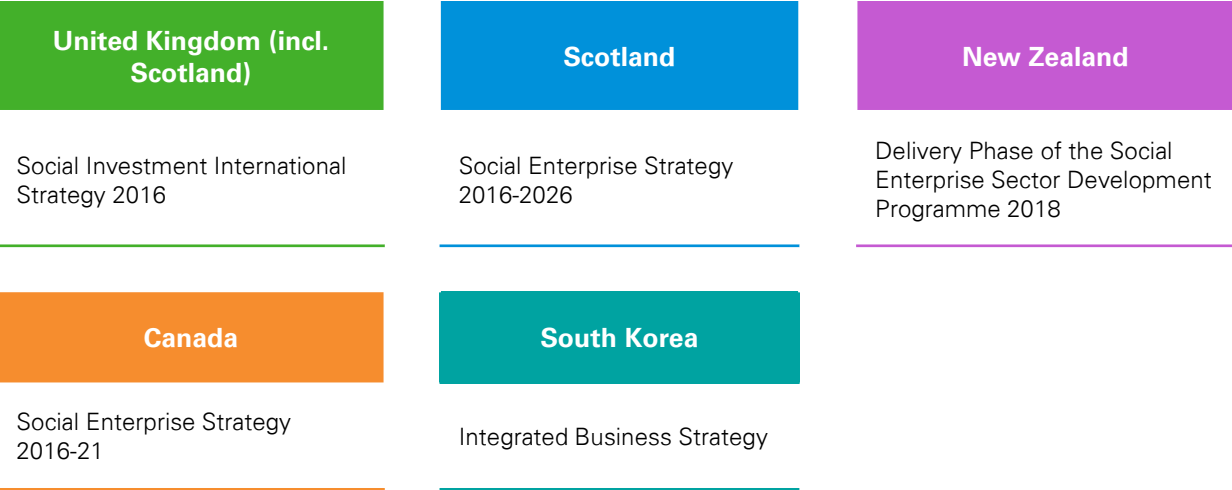
International best practice

A number of governments around the world have developed strategies specifically targeting the development and growth of the social enterprise sector. These strategies vary in length of operation (up to 10 years) and in focus (local, regional and country levels). Most strategies are structured around a core number of action areas, with action plans or initiatives for each area.

Governments can play an important advocacy role (both across levels of government and across the wider economy) to support social enterprises. A government-led Social Enterprise Strategy is able to integrate the individual elements of existing government support, as well as new focus areas, in a coherent manner and in a way which maximises impact.

The figure below shows a number of strategies in place globally that focus on supporting social enterprises.

Figure 33: Social enterprise strategies



Source: KPMG, 2019



Consistency in strategic goals

The social enterprise strategies developed internationally are all slightly different in their operational aspects, but are generally similar in their overall objectives and goals as outlined in Figure 34. Text in Figure 34 has been highlighted bold to show the similar themes across the three strategies:

- A need to support start-up and growth of the sector;
- A need to support the sustainability of the sector (and scaling-up);
- A need to support business acumen and capability;
- Providing market access by promoting the sector to investors, government and communities; and
- Providing connection within the sector.

Figure 34: Key priority areas of social enterprise strategy

	Social Enterprise Strategy 2016-2026 (Scotland)	Social Enterprise Strategy (Ontario, Canada)	Victorian Social Enterprise Strategy (Australia)
Key priority areas	Stimulating social enterprise – enabling more people to find out about and start social enterprises in the places they live, work or study.	Equipping social enterprises with solid business fundamentals . Building a strong foundation to serve the communities of today and tomorrow.	Increasing impact and innovation – through opening doors for social enterprises, connecting the community and valuing social enterprises impact.
	Developing stronger organisations - ensuring that all social enterprises have the resources, knowledge and networks they need to achieve their potential .	Connecting social enterprises to markets and capital to grow and scale . Unlocking new markets and capital to help maximise their potential.	Building business capacity and skills – through building skills to grow businesses and assisting intermediaries.
	Realising market opportunity - enabling more consumers, public authorities and businesses to understand and purchase from social enterprises .	Demonstrating the value of social enterprise and social finance. Promoting their potential to investors, government, and communities .	Improving market access – through creating a social procurement framework, supporting social enterprise recognition and partnering in the marketplace.

Source: KPMG, 2019



Funding linked to the initiatives

The funding linked to the social enterprise strategies varies across countries. For example, the Social Enterprise Strategy in Ontario provided \$6 million to support the first year of the strategy. The Victorian Social Enterprise Strategy provided \$10.8 million over four years. The aim of the Victorian funding was to:

- Create a state-wide network of social enterprises to boost collaboration and innovation;
- Deliver a major skills development program for organisations to grow their workforce; and
- Increase opportunities for social enterprises to supply goods and services to government.

Drawing together different government portfolios

Stakeholders noted that the social enterprise strategy is important as it supports almost every industry sector and also provides the opportunity to link a range of different departments and agencies. Some suggested this could be done by housing the strategy within a central agency, while others suggested a separate social enterprise Statutory Authority could be established which was able to draw together all of the different portfolio agencies who would have an interest in supporting the sector. Hong Kong set up a specific unit within its Home Affairs portfolio to lead social enterprise, and Victoria has supported its strategy through Jobs Victoria due to the emphasis on employing long-term disadvantaged persons and providing employment opportunity. It is noted that when Victoria established its strategy a number of Ministers supported its development.

Clarity of overarching goals

It has been noted through consultation with the sector that the strategy will need different emphasis on support areas based on its overarching goals. Many noted that a strategy that seeks to promote the number of social enterprises will support start-ups and seed initiatives, whereas a strategy that supports the sustainability of the sector would emphasise scaling-up and moving social enterprises from small to larger firms, or attracting already established social enterprises from other jurisdictions.

Regardless of the goals, experts who had seen strategies developed in other countries and jurisdictions recommended very clear objectives about what a strategy may seek to achieve.

Measuring impact and benefits

It was noted that measuring social impact is very difficult for social enterprises and is a challenge faced internationally. However, given the clarity regarding key goals and outcomes described above (which could be, for example, an increase in employment of disadvantaged job seekers by 1,000 people within four years), it is recommended that any strategy be linked to evaluation criteria, with regular monitoring of progress. Despite such an approach aligning to better practice in strategy development, there was a lack of published evaluation reports of the outcomes of social enterprise strategies in other countries.



Indigenous focus

It is noted that a key challenge faced whilst developing the Victorian strategy was the integration of Indigenous social enterprise within this strategy. During the development process it was identified that a separate Indigenous business strategy, Tharamba Bugheen, would be more suitable and is designed to sit alongside the Victorian Social Enterprise Strategy. The purpose of the Tharamba Bugheen strategy was broader than just Indigenous social enterprises, and focused on advancing the economic position of Indigenous Victorians (Victorian State Government, 2017).

Limitations to a state-wide strategy

It was noted when speaking with stakeholders regarding the Victorian Social Enterprise Strategy that some aspects that were of interest to the sector (such as legal structures and tax incentives) were outside the scope and control of the Victorian Government.

In time, a national strategy for launching social impact businesses could be beneficial in providing a consistent approach to supporting the sector across Australia.

Industry-based strategies

It was noted in consultation with the Queensland social enterprise sector that any government led strategy can sit alongside any strategy developed by industry. In addition, there are approaches around the world where a sector strategy has not been government led, but rather co-designed and led by industry (such as in Scotland). Part of the challenge with this approach is that such strategies are usually associated with government funding to support the strategy, which is usually accompanied by the government taking on a system manager role so that the expected benefits of the strategy are achieved.

Case Study: Victorian Social Enterprise Strategy

“The strategy provides the framework for stronger growth of social enterprise by removing a big policy vacuum, that will enable social enterprises to start-up and operate within a far more positive and conducive environment and it commits to the development of a social procurement framework that will open up more contracts for social enterprise to purchase goods and services from government.”

– David Brookes, MD Social Traders

Context

In 2017, the Victorian government launched their \$10.8 million Social Enterprise Strategy. This strategy promotes greater coordination across government to support social enterprises across Victoria.

The strategy is the first of its kind in Australia and has been developed to improve and expand on existing support for the sector, and to position Victoria to lead the country in driving employment participation and inclusive economic growth through social enterprise (Victoria State Government, 2017).

The key ingredients for success were the combination of political champions, a cohesive set of sector stakeholders and leadership, and supportive/ knowledgeable bureaucrats. This combination of stakeholders was able to support ministerial leadership and the broad policy agenda of a government that understood where social enterprise could add value. The Social Enterprise Strategy required two rounds through government with extensive internal consultation before it was approved. The strategy was embedded into the policy position of increasing employment and supported by a number of different areas of government including employment, climate change, housing, disability, arts, and regional development.

Key players in the social enterprise sector were also engaged throughout this process to ensure that the sector was kept

informed of where and when the strategy would land. These stakeholders included Social Traders, SVA, Research Universities (such as Swinburne and Melbourne University), key banks with social impact funds, and key organisations who were social enterprises or within the social enterprise ecosystem.

How the strategy operates

The goal of the strategy was to highlight a growing social enterprise sector, as well as to support and strengthen partnership with government to further grow and diversify the sector. Ultimately, the strategy was developed to support an increase in employment across Victoria, especially for disadvantaged job seekers who may otherwise struggle in the open labour market.

The strategic framework is built on three key action areas (Victoria State Government, 2017):

1. Increasing impact and innovation – through opening doors for social enterprises, connecting the community and valuing social enterprises impact;
2. Building business capacity and skills – through building skills to grow businesses and assisting intermediaries; and
3. Improving market access – through creating a whole of government social procurement framework, supporting social enterprise recognition and partnering in the marketplace.

Within these action areas eight key initiatives were set up, including:

- Establishing a new social enterprise network across Victoria to better connect the sector;
- Building an online market to connect buyers with social enterprises; and
- Training opportunities and support for more than 100 social enterprises to expand.

Case Study: Victorian Social Enterprise Strategy

Impact

The Victorian social enterprise sector is recognised as the largest and most dynamic in Australia. There are currently more than 3,500 social enterprises trading across metropolitan and regional Victoria, employing an estimated 60,000 people and contributing \$5.2 billion to the Victorian economy (Castellas, E. et al, 2017).

Since the strategy's launch in 2017, there has been significant progress in improving market access. Through the partnership with Social Traders and its accreditation program, social enterprises engage directly with government and industry buyers.

The Victorian Government also released a Social Enterprise Capability Voucher Stream, "Boost Your Business Vouchers", targeted to support Victorian social enterprises to build and develop their business capabilities. Successful applicants were awarded a voucher of up to 80 percent of the total cost of services towards an eligible business capability project, provided on a cash co-contribution basis, with applicants contributing a minimum value of 20 percent towards the project (Castellas et al, 2017).

Access To Finance

“Social enterprises are businesses that trade to intentionally tackle social problems, improve communities, provide people access to employment and training, or help the environment. Like any trading business, access to multiple sources of capital is essential – especially at an early stage,”

- David Brookes, Managing Director Social Traders

The following section outlines:

- International leading practice access to finance;
 - Case Study: Social Enterprise Development and Investment Fund (SEDIF);
 - Case Study: Indigenous Social Enterprise Fund (ISEF);
 - Case Study: Queensland Inclusive Social Enterprise Project (QISEP); and
 - Key Insights & Themes.
-



Background

One of the main challenges faced by social entrepreneurs globally is access to financial support. This is defined by governments or other entities creating pathways to capital funds specific to the social enterprise sector, either through grant and/or loan programs or investment options from the private sector. This may include mixed funding models and arrangements.

International best practice

In a 2016 poll by the Thomson Reuters Foundation, only ten countries agreed that it was easy for social entrepreneurs to access grant funding, and only four agreed the same applies to investment (Thomson Reuters Foundation, 2016).

The impact investment market has grown considerably in recent years; however, its interest is generally limited to well-established social ventures. Funding and investment at the start up and seed stages of a social enterprise remains a challenge for most social entrepreneurs, and is a make or break stage of an enterprise’s lifecycle.

In response to this global challenge some entrepreneurs have set up their own investment funds. For example, in Nigeria the CoCreation Hub launched a \$500,000 seed fund for early stage social entrepreneurs. As their chief executive explains: *“Our seed investment ensures start-ups can concentrate on rapidly executing their plans and learning from the market”* (ccHUB, 2014). The figure below shows a snapshot of some of the finance options available to social enterprises globally.

Figure 35: Examples of specific funding sources or funding organisations available to social enterprises (selected countries)

United Kingdom (excl. Scotland) <ul style="list-style-type: none">✓ UnLtd✓ Big Venture Challenge✓ Social Innovation Platform✓ Accessing Social Investment✓ CAN Invest✓ Big Issue Invest	Scotland <ul style="list-style-type: none">✓ Social Investment Scotland✓ Third Sector Investment Fund✓ Social Entrepreneurs Fund✓ Esmee Fairbairn Foundation	United States <ul style="list-style-type: none">✓ Social Innovation Fund Classic✓ Social Innovation Fund Pay for Success✓ B-Corp Fund
Canada <ul style="list-style-type: none">✓ Social Enterprise Loans✓ Social Enterprise Demonstration Fund✓ Social Finance Fund✓ Procurement and Investment Readiness Fund	Hong Kong <ul style="list-style-type: none">✓ Social Innovation and Entrepreneurship✓ Social Ventures Hong Kong	South Africa <ul style="list-style-type: none">✓ Accion Venture Lab✓ Better Ventures✓ Endeavor South Africa✓ GAWA Capital Impact

Source: KPMG, 2019



The Thomson Reuters Foundation ranked Canada as the top country for ease of access to investment funding. Canada's Federal Government recently announced an \$805 million investment in social innovation. This led to the creation of a Social Finance Fund (\$755 million over 10 years) and a capacity building Investment Readiness fund (\$50 million over 2 years) (CSI, 2018).

Hong Kong ranked the highest for ease of access to grant funding. One of these programs is the Enhancing Self-Reliance (ESR) Through District Partnership Programme, which was established in 2006. The ESR Programme seeks to promote sustainable poverty prevention and alleviation efforts that help enhance self-reliance at a district level, targeting socially disadvantaged groups by providing seed grants for eligible organisations to set up social enterprises. Each approved project will be funded up to three years at a maximum of \$3 million (ESR, 2016).

The US's Service America Act of 2009 led to the broad legislation that, among other items, created a Social Innovation Fund (SIF) of \$50 million to support community-based solutions and provide more start-up capital to social enterprises (Corporation for National and Community Service – "Edward. M. Kennedy", 2010). Since 2009, the SIF and its private-sector partners have invested over a billion dollars (\$352 million in federal investments and \$707 million in non-federal and private sector match commitments) in community solutions through two programs, SIF Classic and SIF Pay For Success. As of May 2017, 44 organisations receiving an average of \$7.8 million in awarded funding have benefitted from the Fund.

Types of funding

Social enterprises and social businesses like other small to medium enterprises (SMEs) require different forms of capital investment during different stages of the business lifecycles. The Department of Employment established the Social Enterprise Development and Investment Funds (SEDIF) program in 2011, which aimed to support the development of infrastructure to build a marketplace for social impact investment, support innovative product development and attract longer-term investment in priority areas for impact.

Prior to 2011, social enterprises indicated their inability to access capital from mainstream financial institutions due to their non-traditional business models, cost structures and the perceived risk of the community services/social enterprises sector more generally (SEDIF, 2010). This meant that when SEDIF was established, SEDIF Fund Managers were challenged to provide financial products with high transactional costs, but with low financial returns offered to investors.

In addition to debt products available to social enterprises, equity is a growing option for social enterprises with the appropriate business structures (usually for-profit legal structures). Social Ventures Australia provides equity investments, as well as international social entrepreneurship funds such as Echoing Green. Echoing Green recently invested in an Australian start-up, MathsPathway, along with debt provided by Foresters Community Finance.

Funding goals

Literature indicates that many social enterprises have expressed frustration that there are less options for social enterprise start-up grants than what is available to small businesses. The experience of social enterprises in establishing their organisations demonstrates the requirement for volunteer time and expertise, sweat equity and financial contributions made by founders, or associated non-profit organisations.



In studies focused on the realities of financing social enterprise, stakeholders have indicated:

- A lack of capital through no or low interest loans or matched investment schemes available for social enterprises;
- Many founders of established Brisbane-based social enterprises have relied on the New Enterprise Incentive Scheme (NEIS) to fund the early stages of their work (SEDIF, 2010); and
- Additionally, grant providers such as Social Traders (Crunch), Westpac and Alan English Foundation employ bespoke definitions of social enterprise, and usually exclude those with for-profit business models (Burkett 2013).

Assessing risk and commercialisation

Findings from the SEDIF program suggested that impact investors across all fund managers need to reassess how they evaluate investable opportunities and financial products, and that the market for investable social enterprises needs to be further developed alongside ecosystem development. It was noted that the loans being sought by the sector are considered high risk loans, particularly in the seed funding area for start-ups; however, many investors are seeking a commercial or semi-commercial return on investment. Therefore the SEDIF fund and other funding initiatives show a mismatch between the desires of investors compared with the needs of the social enterprise sector.

Due to the commercial returns sought, there were a significant number of applicants for funding, yet only a small proportion who were subsequently funded. For example, Social Enterprise Finance Australia (SEFA) provided loans to not-for-profit and commercial organisations that have a social, cultural, or environmental mission to deliver a public or community benefit via services or selling goods. SEFA spoke to close to 500 applicants, but only funded approximately 25 initiatives. This means fund managers spend considerable time and money in pipeline development and loan conversion. While stakeholders all noted that the funding environment has changed significantly since 2011, at this time fund managers had to proactively drive investment opportunities by visiting urban hubs and meeting with potential social enterprises.

The Indigenous Social Enterprise Fund (ISEF) pilot, which was set up to support Indigenous Social Enterprises (ISEs) to develop and scale by filling the capital gap in the market, indicated a desire for combined investment offerings; however, the commercial lending component of the product was not suitable to the needs of the ISEs at the time. A loan-grant combination product carries greater risk due to the grant aspect of the package, making it less desirable for risk adverse lenders. Indigenous Business Australia (IBA) was a commercial lender with legislative and lending responsibilities to uphold, and therefore did not wish to pursue high risk investments.

A changing context

It was noted that the impact investment market has transformed significantly since the launch of the SEDIF. In 2011, when the SEDIF was launched, impact investment was largely unknown throughout the social enterprise sector, with few investors willing to take on the level of risk associated with social enterprises.

In 2019 the impact investment market has grown significantly, with many commercial and semi commercial investors emerging as options for social enterprises. However, the Banking Royal Commission report released in 2019 will also need to be considered to assess any impacts on the availability of higher risk funding (including seed and start-up funding) for the social enterprise sector.

Case Study: Indigenous Social Enterprise Fund (ISEF)

Context

The Indigenous Social Enterprise Fund (ISEF) was established as a two year pilot fund in September 2013 as a partnership between Social Ventures Australia (SVA), Indigenous Business Australia (IBA), and Reconciliation Australia (RA). The fund required social enterprises to meet the following criteria:

- Indigenous ownership – At least 50% of beneficial interests in the applicant organisation are owned or held on behalf of Aboriginal and/or Torres Strait Islander peoples;
- Social mission – The applicant organisation must be a non-profit organisation, or owned by a non-profit organisation, that has been established to facilitate economic self-management or self-sufficiency for Aboriginal and/or Torres Strait Islander peoples;
- Financially self-sustaining – The enterprise derives a substantial proportion of its revenue from trading activities (not including income generated through tenders to deliver government community service contracts);
- Governance – Have a board and management in place with the qualifications, skills, experience and reputational standing to manage the enterprise; and
- Stage of development – Applicants must be in either Start-up stage (have a business plan and be ready to launch) or Growth stage (an existing social enterprise that requires capacity building through the development of new markets or products).

“We’re excited to accept this funding and take Koori Kulcha from strength to strength, providing more employment opportunities to Indigenous people in the Southern Highlands and South East corridor of NSW.”

– Marie Barbaric, KKAC Program Director

How the fund operated

The fund was set up to support ISEs to develop and scale by filling the capital gap in the market. The investment packages were a combination of grants and loans, with the loan component being interest-free and flexible repayment terms.

ISEF received 165 enquiries throughout the pilot (which ended in 2015), with 15 of these being considered eligible applicants. Each of these 15 applicants required support from the fund to progress their proposal to an investment decision point, with an average support duration of 5 months.

Impact

The pilot confirmed that the combination loan and grant product was an attractive offering to ISEs with investment proposals ranging from \$80,000 to \$480,000 to be used for capital expenditure, operating expenses, or a combination of the two. However, ultimately many applicants who applied were unable to meet ISEFs criteria, and would have required significant pre investment support to build the financial capability of enterprises prior to investment submissions.

A success story from the fund was Koori Kulcha Aboriginal Corporation, who were successful in receiving an ISEF Investment package of \$200,000. Koori Kulcha is an Indigenous tourism and hospitality enterprise providing training and employment to Indigenous youth in event catering, cultural performance, team building workshops and cross cultural awareness (IBA, 2016).



Blended funding models

There is an opportunity to continue to support social enterprise through mixed funding options; however, nearly all stakeholders consulted as part of this project noted this should be provided alongside developing the business and financial acumen of social enterprise founders. According to the stakeholders, there needs to be more focus on identifying the support mechanisms around a social enterprise, including individuals, boards and community. Support will also be required before and during the finance application process to ensure the social enterprises are able to complete the application.

It was noted that government funding can play a key role to enable social entrepreneurs to get matched funding from other sources, and therefore while government funding in and of itself may not be sufficient to help grow start-up enterprises, it can provide an initial step to seeking further funding partners.

In discussions with the social enterprise sector, and specifically with ecosystem organisations providing funding support, funding was found to work best when combined with capability uplift in business acumen and commercial understanding. This was also reflected in evaluations undertaken on funding initiatives, including the ISEF pilot, which found that early stage education in investment and financial literacy was key to helping support social enterprises in Aboriginal and Torres Strait Islander communities (IBA, 2016).

Sector views on government funding

Changes in government procurement, and a shift away from government grant funding has commercialised the social enterprise sector, with a fee for service model becoming the norm across many social enterprises, including Indigenous social enterprises.

Relatedly, there is desire from many within the social enterprise sector to not be reliant on government grants (which were seen by many as hand-outs), but rather to focus on funding support through commercial loans or procurement. Part of this is due to a strong desire to operate independently, with government often seen as being very prescriptive in its procurement or funding package requirements. This is driving many social enterprises to look for ways to be self-sufficient or even seek other private sector support, creating a challenge for government to effectively assist.

Indigenous social enterprises: A relationship-oriented approach to funding

One of the key findings after an evaluation of the success of the ISEF pilot was that Indigenous communities are best supported with a relationship oriented approach to funding. This means that any investment needs to include very close and ongoing relationships with the Indigenous social entrepreneur to support them in their initiative and provide the capability uplift and mentoring to help them succeed. While this is also noted for wider social enterprises as being important, it was noted as being vital to the success of Aboriginal and Torres Strait Islander-led social enterprises.



Financial stability

The Department of Communities (Community Mental Health Branch) created the Queensland Inclusive Social Enterprise Project (QISEP) to create employment opportunities for people who had been long-term unemployed due to mental health issues. The QISEP program demonstrated success across all social enterprises, on a small scale. The core challenge faced by the program was the limited timeframe for each of the projects. Three years was an insufficient period to ensure outcomes could be secured and made sustainable.

While the objective was to provide more money upfront and then promote self-sustainability (funding was typically around \$100,000 in the first year, followed by \$50,000 in the second year and \$25,000 in the third year), many social enterprises were not able to be self-sustaining after this support ended. At the conclusion of the program, seven social enterprises were left without ongoing funding support, four new enterprises were unable to secure grant funding, and a further ten extensions were provided to existing enterprises (SVA, 2012).

The evaluation of the QISEP fund identified that often up to two years of support and investment is required to transform ideas for social enterprises into start-ups, and then a further two to four years of support and investment to transform the start up into self-sufficient social enterprises.

Start-up & seed funding

The role of start-up grant funding was identified as a success factor for start-up social enterprises. Though other forms of capital investment such as loans are possible options for funding, it was identified that often start up enterprises were not ready for that form of investment. As start-up enterprises have no cash flow and thus have insufficient evidence of capacity to repay loans, other forms of investment were often unreachable. It was also noted that often start up social entrepreneurs lacked the understanding in differences between financing options and the obligations and risks that loans imposed compared to grants.

Funding to assist in scaling-up

There were a number of challenges identified to the scaling-up of social enterprises to assist them in moving from small to medium/large businesses. It was noted that the same approach that had been used in one particular place could be transferred to another regional town or location (with consideration given to the place-based context). Financial support would assist with growth to scale-up.

It was noted by some stakeholders that funding to assist organisations to scale-up may result in a better return on investment than seed funding. This is consistent with analysis in Part B on the average workforce and financial revenue of medium and larger social enterprises (compared with smaller social enterprises). In addition, successful small social enterprises wishing to expand are more likely to succeed through an expansion strategy, than new start-up ventures which have not been tested in the market.

Case Study: Queensland Inclusive Social Enterprise Project

Context

Individuals with serious mental health issues contribute to a large proportion of the Australian unemployment rate. The Department of Communities (the Department) identified that social enterprise is one method to create pathways for employment of these people. Employment-based social enterprises are business that concentrate on creating jobs for people who are excluded from the labour market (SVA, 2012).

The Department of Communities (Community Mental Health Branch) created the Queensland Inclusive Social Enterprise Project (QISEP) to create employment opportunities for people who had been long-term unemployed due to mental health issues. The program ran between 2010 and 2011 and was delivered and managed by SVA on behalf of the Department.

How the fund operated

The objectives of the project were to:

- Create up to five sustainable social enterprises that provided employment opportunities for people with a moderate to severe mental illness who had experienced long-term unemployment due to mental health issues;
- Support social entrepreneurs and community organisations that had a plan to develop a social enterprise; and
- Support existing social enterprises that were ready to expand their activities to employ more people with a mental illness.

The Department provided \$2 million in funding for the QISEP project, 77% of which was invested directly into fifteen enterprises and 23% of which was allocated to identifying, selecting, and supporting enterprises (SVA, 2012).

The funding application process was managed by SVA and conducted through an applicant pitch to a panel of experts. Successful applicants were then awarded an agreed grant amount for the first year, which then halved for the second year and halved again for the third year, with the goal of the enterprise ultimately becoming self sufficient.

In order for a successful applicant to continue receiving funding in the second and third year, they had to report employment numbers to SVA who monitored the figures against a set of criteria. The key criteria was employment of individuals with mental health issues over the year.

Impact

The project saw four new social enterprises established and seven existing enterprises supported. It was identified that 121 jobs were created through the social enterprises, with 90 of these jobs filled by individuals suffering from mental illness. Another 92 employment pathways, such as apprenticeships and traineeships, were also created.

One of the existing social enterprises supported through QISEP was Nundah Community Enterprise Cooperative Espresso Train Cafe and Catering (Nundah Co-op). This café provided employment for individuals who had been excluded from the labour market due to an intellectual disability, learning difficulty, or mental illness. The QISEP funding enabled Nundah Co-op to recruit seven new part time workers with a disability or mental illness, and also increased the hours of employment for existing workers by a total of an additional 60 hours per week. The business revenue also rose by \$20,000 from the previous year (SVA, 2012).

Support of the Ecosystem

“One of my key goals is in helping to build and grow the Australian social enterprise ecosystem as well as providing the necessary support for people, start-ups and organisations which have an idea and are keen to turn that into positive social impact. Working with purpose-led businesses to help them grow, scale and tackle problems effectively is a passion, and I see a lot of momentum building in the space.”

- Tom Allen, Chief Executive Impact Boom

The following section outlines:

- International leading practice in support of the wider social enterprise ecosystem;
 - Case Study: Yunus Social Business Centre at Griffith University;
 - Case Study: Social Innovation at Central Queensland University;
 - Case Study: InnovationXchange, Department of Foreign Affairs and Trade (DFAT); and
 - Key insights and themes.
-

Support of the Ecosystem



Background

Social enterprises are becoming well known in their ability to contribute to employment, entrepreneurship, social inclusion, public service and environmental protection. However, social enterprises struggle to exist alone and there are many interdependent systems, institutions and networks that can play a role to support social enterprises to grow.

International best practice

Support structures such as incubators, accelerators, support organisations and networks are recognised globally as enablers for social enterprises to start up, grow and become sustainable. The government can support social enterprises by promoting the work of accelerators and/or fostering connections through local networks.

There are also academies, institutes and training schools in place around the world dedicated to working with social enterprises in developing their business acumen. Figure 36 below outlines examples of the type of support structures in place to support and develop social enterprises.

Figure 36: Examples of Social Enterprise Ecosystems

United Kingdom (excl. Scotland) Cambridge Social Ventures British Council's Capacity Building for Social Enterprises	Scotland The Social Entrepreneurs Fund Social Enterprise Academy	United States Social Enterprise Alliance
Canada BC Centre for Social Enterprise Ontario Social Entrepreneurship Training	Hong Kong Social Enterprise Partnership Programme Social Entrepreneurship School Education Program	South Korea Social Enterprise Promotion Agency Social Entrepreneurs Academy
South Africa Bertha Centre for Social Innovation and Entrepreneurship Social Enterprise Academy	New Zealand The Akina Foundation	

Source: KPMG, 2019

Support of the Ecosystem



A number of key players

The social enterprise ecosystem is made up of a number of key players, as outlined in Part A of this Report. Within the Queensland context there are a range of universities, accelerator and incubator organisations, local governments, social enterprise networks and funding organisations that help grow and support the sector. As with social enterprises, these ecosystem organisations are diverse, ranging from small businesses to large enterprises, and some which are in start-up or early phase and others that are well established.

A grass-roots movement and a need to support local communities of practice

The majority of stakeholders engaged in this work strongly emphasised the significance of the grass-roots movement for social enterprise in Queensland, with some stating it was the most mature in Australia. Analysis of the social enterprises and the ecosystem certainly support four key regional centres as being hubs of social enterprises. These are Cairns, Sunshine Coast, Logan-Beaudesert and Brisbane City.

It was very clear through the consultation process that there was support to further grow these local networks and connections, both in terms of leveraging the existing geographic groups to support other areas of the State and also to facilitate the development of specific support mechanisms – networks, mentor groups, collaboratives and other such structures – to drive a “bottom-up” approach to grow locally. Part of the challenge is in recognising each region’s level of maturity, and developing and supporting them accordingly.

It is noted that Scotland and Canada both acknowledge that while there is an overarching strategy, they also have local communities of practice which are driving and supporting local social enterprises.

The value of the ecosystem

The value of the social enterprise ecosystem is demonstrated in the Scottish social enterprise sector that is well developed, with a defined strategy and a strong ecosystem. Across Scotland there are 17 incubators, 20 accelerators, 23 co-working spaces, 8 innovation centres, 43 entrepreneurial support organisations and 15 networking organisations (Can Do, 2018).

Within the Scottish ecosystem it has been found that enterprises typically spend an average of two years in a business incubator being offered peer support, advice and often early financial support before moving on to an accelerator or to their own premises.

The business accelerators usually last between 3-6 months and offer the use of office space, initial investment, training, network access, experienced mentors and often exposure to angel investor networks or potential funders.

Scotland has also developed the term “innovation centres” which are collaboration between Scottish universities and industry, with an aim to address industry defined challenges in areas of transformational opportunity. One of these innovation centres is Construction Scotland Innovation Centre (CSIC), which was launched in 2014, and aims to link together business, university experts and public sector providers to deliver change in construction. The centre is supported by the Scottish Funding Council, Scottish Enterprise, Highlands & Islands Enterprise and 13 Scottish university partners (Can Do, 2018).

Case Study: Yunus Social Business Centre at Griffith University

"For years, the grassroots of social enterprise in Queensland have mutually supported each other, forming a solid network to build on. However, a lack of investment in growing the ecosystem has prevented the sector in movement building activities. QSEC is excited and grateful for the partnership with the Yunus Centre and the foresight of the English Family Foundation in backing this project. It will set up the sector for a strong future, particularly in the regions of Queensland. Never before has this been more critical as we face increasingly complex problems across society."

– QSEC Chair & YSCBC Social Entrepreneur

Context

The Yunus Centre (YC) at Griffith University was established in 2017 to research, advise, educate, and create connections on the 'business of social impact'. The Centre aims to equip people with the knowledge, capacity, and opportunities to create positive and sustainable change. YC reflects Griffith University's longstanding commitment to social justice and responsible business.

How the business centre operates

YC runs as a social business within the University. It delivers programs and services through four interconnected strategies.

Learning and education

YC offers undergraduate and postgraduate courses, community programs, online learning, work-integrated learning, and executive education.

All offers are based around four themes:

1. Navigating social innovation: understanding the conditions and context for social impact and the new economy;
2. Developing impact literacy: improving capabilities for designing, measuring, and demonstrating social impact;
3. Growing social value: developing new models of investment, markets, and commissioning; and
4. Fostering purpose-led entrepreneurship: capacity-building for innovation and new business models.

Insight and research

The Yunus Centre is focused on developing a research portfolio that is relevant, applied, accessible, and collaborative – drawing on Griffith University's rich and diverse fields of scholarship.

In addition to traditional research, YC also offers consulting and tailored advisory work across the field, and services to enable social enterprises to better appraise and articulate the economic value of their social impact.

Supporting innovation

YC harnesses the resources and networks of Griffith University to support innovators, field-builders, and leaders in the impact ecosystem.

Case Study: Yunus Social Business Centre at Griffith University

This includes a hosting a Social Entrepreneur in Residence program, coordinating the Queensland State Government's Advancing Regional Innovation Program for Logan and Redlands, and providing 'Social Enterprise Clinics' to social and community enterprises.

YC has also partnered with Queensland Social Enterprise Council to focus on further developing and strengthening the states social enterprise sector. Together this partnership has set up the QLD Social Enterprise Sector Stand-up Project (SESP) with support from the English Family Foundation's Ignitor Fund. This project aims to bring social enterprises together from across the state, strengthen regional networks, and develop a shared strategy for sector development in Queensland (Griffith News, 2019).

Global connections

YC builds partnerships with complementary organisations, institutions, and networks around the world.

This includes working with like-minded universities to foster the exchange of talent, knowledge, and best practice. And also includes commercial partnerships in respect to applied research, consulting, and the deployment of our educational resources and programs.

Impact

YC is a relatively young organisation, however, it has made progress in developing Griffith's social innovation offer, industry engagement and impact in the field. Their next focus area is scaling their own operations and finding more ways to be supportive of the social enterprise ecosystem, including partnerships with incubators and accelerators.

The main requests that YC has received to date are support for impact measurement, business modelling and development, new approaches to finance and strategies to better navigate and engage with social innovation and impact, from across sectors.

These topics demonstrate the capability gap that exists within social enterprises and the wider economy. Many organisations have objectives to do more, but lack the capabilities and know how to do so effectively. It was noted that a blend of capacity building approaches are required, and that peer-to-peer learning can be an highly effective tool to support innovation and business practice.

Support of the Ecosystem



A collaborative approach, not a competitive one

Stakeholders noted that ecosystems are most effective when organisations work collaboratively. It was noted that when ecosystem organisations act in competition with one another, they generally create more barriers than benefits for the social enterprises within the community.

The role of partnerships

It was noted that the most successful approach in the ecosystem has been through “hub” programs. It was noted through consultation with YSBC and across the regional forums that there needs to be a focus on further developing and strengthening Queensland's social enterprise sector, through mechanisms such as QSEC. It was suggested that the focus should not be trying to deliver the programs, but instead about fostering and connecting local leadership and partnerships. Through the consultation with YSBC it was noted that there may be a wider opportunity to work with QSEC to leverage inter-place peer networks and building connections, and set up a place-based hub strategy.

It was identified that partnership programs or support programs such as the Social Enterprise Program run by Brisbane City Council had a large impact on growing the ecosystem. Brisbane City Council committed \$200,000 over four years to support the development of new and emerging social enterprises in partnership with Impact Boom. The Elevate+ Accelerator Program in 2018 accepted 25 social impact entrepreneurs into the program, and 14 early stage social enterprises also joined the program.

An example of a new capacity building program is the Social Entrepreneurship Boot Camp facilitated by Stanford Social Innovation Review in conjunction with the Centre for Social Innovation at Stanford Graduate School of Business in the US, which will run for the first time in March 2019. This workshop is led by expert practitioners and theoreticians to offer an opportunity for social entrepreneurs to learn how to launch or grow their social enterprise. This program was delivered through live webcam broadcasts and webinars, which minimised the time away from service that social entrepreneurs had to manage (Stanford Social Innovation Review, 2019).

Making it locally relevant

It was noted that ecosystems need to ensure their offerings are relevant and contextualised to their local community. Local ecosystems play an important role in providing the right environment for social enterprises. Therefore, it is important to ensure that the sector understands unique local drivers and differentiators, such as unemployment rates, disability rates and the number of disadvantaged job seekers. This is especially relevant in the case of Indigenous social enterprise.

The support for local networks and communities of practice within a Queensland context needs to recognise areas of under-development and help to support an ecosystem environment in those locations so that social enterprises can be supported. One of the key considerations is the level of remoteness of some communities and ways that these communities can connect with larger centres that may have a better-developed social enterprise network and access to accelerators and incubators, universities, funders and other social enterprise peers.

Case Study: Social Innovation at Central Queensland University

“CQUni’s social innovation agenda isn’t just talking about doing good – it’s about making an actual, measurable difference to our students, as they develop and use a social innovation mindset, and drive change in our communities.”

– Lara Carton, Associate Vice-Chancellor & Director Social Innovation

Context

Central Queensland University (CQUni) has embedded social innovation principles across its five schools and at all their campuses and study centres. Its vision is to change the world for the better and leverage social innovation, their students, staff, academics, and communities in driving the transformation.

How the university operates

CQUni works to build the capacity of students by integrating social innovation principles and teachings into much of their curriculum. iChange, which is a program for new and current students to learn about stories of transformative change and ignite creative ideas to drive social innovation in students lives, was launched in 2018 (CQUni, 2018). iChange is one of the first programs in Australia to introduce university students to social innovation history, practice, and opportunities (CQUni, 2018b).

In addition to the iChange Program, CQUni also offers a range of elective and extracurricular initiatives such as a range of 'social innovation workshops with community partners, the Big Idea social enterprise competition, CQUni Global Outbound opportunities, and the Social Innovation Lecture Series.

CQUni’s focus on social innovation, particularly through the Social Innovation Studio and Social Innovation Lecture Series, promotes social enterprises to students, staff, and communities. For example, in 2017 CQUni Education researchers began a project with Nepal-based social enterprise, Seven Women, to deliver skills training and develop training manuals and cook books to grow its public cooking classes.

Impact

It was reported that the focus placed on social innovation across the curriculum has led to positive changes in students, with a number moving on to manage and support social enterprises in the community.

The iChange program has secured a \$25,000 grant from CQUni’s Office of Social Innovation to look into the impact of iChange. To date, 300 staff and students have completed the iChange program. Early insights into the impact of the program were identified through a survey that received positive feedback stating that the majority of students will continue to focus on social innovation in their lives, undertake further study in the field and support their communities.

It was noted that CQUni work alongside a network of like minded universities, such as Griffith, to foster an open and collaborative perspective. CQUni are also actively engaged in the QSEC regional workshops for social enterprises and host these workshops in areas where they have campuses.

CQUni recently became the first Queensland-based organisation and the second-only University member of social enterprise marketplace, Social Traders. The University is in the process of establishing its own social and Indigenous procurement targets to further extend its impact, particularly in regional Queensland.

Due to the level of interest from community enterprises to support capacity building for social enterprises around understanding social innovation, CQUni is in the process of releasing the iChange process to community social enterprises. A pilot is being run with five organisations, three in Queensland and two in Victoria.

Support of the Ecosystem



Mentoring and peer support

In stakeholder consultation with the sector, social enterprises, and specifically social entrepreneurs running these organisations, noted that they would generally benefit from access to mentors and peer support networks locally to provide them with guidance and advice. The importance of the 'right' individuals in these roles was further noted, with a strong desire that they be proven social enterprise leaders rather than well-meaning individuals from other sectors who often do not understand the social enterprise environment.

The system should consider support for social entrepreneurs who may be starting out, as often these are the people are at most risk of burn-out. Social entrepreneurs noted that the best support for them in these foundational years was in the form of mentors and other social entrepreneurs who can help provide advice, understanding and coaching from a practical perspective as they navigate some of the same challenges that these peers have faced.

Suggested methods to facilitate this included co-working spaces which are already being facilitated by some organisations and networks (see for example Nous House as a professional co-working space established in Melbourne and Sydney). Other thoughts included an expert social entrepreneur panel or group across Queensland who worked alongside entrepreneurs to assist them in growing social enterprises.

Drawing on international expertise

One of the networks in Queensland noted that they had sought the advice of an expert in the field from Scotland, who had both presented to them in person and then provided the network with ongoing support and advice in its journey assist both social enterprises and the wider ecosystem. They felt that this had been extremely beneficial and that this expertise helped them mature the network more rapidly and in turn provide better outcomes for social enterprises and entrepreneurs within their network.

Tailored and delivered when needed

Feedback from the sector identified a need for capability uplift that is specifically tailored to social enterprises and their aims of both delivering on social purpose and commercialisation.

In research carried out by Social Impact Consulting in the UK, it was noted that 20% of survey respondents identified as working for a social enterprise but had undergone no training in the last year (Social Impact Consulting, 2018).

As is common across all micro/small businesses, as organisations increase in size so does the amount spent on training. However, the main concern from social enterprises was spending time away from delivery of their core purpose to complete training. Often social enterprises are small organisations where one person's absence can severely impact delivery of goods or services.

This suggests alignment to micro-learning type approaches that allow people to undertake one subject or course as needed, rather than enrolling in a whole degree or lengthy program. Many found the networking element of capability support important, and there was some suggestion that a purely online approach would not deliver the same benefits as local face-to-face delivery.

Case Study: InnovationXchange, Department of Foreign Affairs and Trade (DFAT)

Context

University of Technology Sydney (UTS) was engaged by innovationXchange (iXc) to investigate interventions designed to leverage sources of investment finance and to support the growth of new businesses in the Indo-Pacific region, with a particular focus on the development of social enterprises.

When examining entrepreneurship across the region, the degree of diversity was noted. Across the region, the leading barrier for entrepreneurs was lack of access to finance. However, also important was the capacity for entrepreneurship, which is a combination of attitudes and aspirations, skills and capabilities (UTS, 2017).

“DFAT is looking to co-create and support a new mechanism/ organisation/ business that will specifically match/ connect/ facilitate impact entrepreneurs with suitable investment across Asia-Pacific. It is expected that the frontier brokers will play an important role in ecosystem building for the benefit of the whole sector and region.”

– DFAT, 2018

Throughout the report a number of interventions were explored, such as:

- Crowdfunding platforms - that can assist entrepreneurs to test their ideas as well as to source finance;
- Microfinance - which has a long history of supporting micro, small and medium size enterprises but may also represent a pipeline for impact investors;
- Incubators - that can each out to entrepreneurs and bring more new business into the impact investment eco-system;
- Social stock exchanges - to connect supply and demand sides of the emerging impact investing market;
- Blended finance - to leverage private capital and make capital more available to entrepreneurs; and
- Success based payments - to stimulate impact investing in a development context.

Identified opportunities to strengthen the ecosystem

The report identified a number of opportunities to strengthen the ecosystem in each of these six areas, such as:

- Establish a network of incubators in the region which would support impact programs through activities such as development of a regional training and education program;
- Establish a funding stream with the capacity to support impact incubators in the region through funding of operational costs; and
- Consider how existing platforms could be translated into a regional context, within the constraints of national regulatory systems.

Impact

The Department of Foreign Affairs and Trade's (DFAT) iXc has set up a scaling Frontier Innovation (SFI) Program to support social enterprises to scale their development impact in the Asia Pacific region, excepting India and Malaysia. DFAT has nominated \$1-4 million over a minimum of three years to support the Frontier Brokers component (Third Sector, 2018).

Procurement

“Every purchase, intentionally or unintentionally, has an economic but also an environmental and social impact. Our presumption is if you intentionally add a social value, you will create healthier communities through existing purchasing.”

-David LePage, Managing Director Buy Social Canada

The following section outlines:

- International leading practice access to finance;
 - Case Study: Government Social Procurement Initiative; and
 - Key insights and themes.
-



Background

A notable global trend has been the rise in social procurement practices within government. The 1970s was the first time that public discourse focused on the need for government to consider environmental impact during its procurement process (LePage, 2014). In an attempt to spur further innovation through financial incentive, governments began to assess the broader social value of the organisations involved in their procurement processes. Social procurement involves using procurement processes and purchasing power to generate positive social and economic outcomes in addition to the delivery of efficient goods, services and works. It often trades off elements of cost to create a broader definition of value for money.

International best practice

“Socially responsible public procurement is about setting an example and influencing the market-place. By purchasing wisely, public authorities can promote employment opportunities, decent work, social inclusion, accessibility, design for all, ethical trade, and seek to achieve wider compliance with social standards” - Buying Social, European Commission, 2010

Examples of social procurement are emerging all over the world with many governments choosing to embed social procurement law, such as Scotland and the UK. The diagram below outlines a high level view of the actions countries are taking to focus on social procurement.

Figure 37: Social Procurement Policies

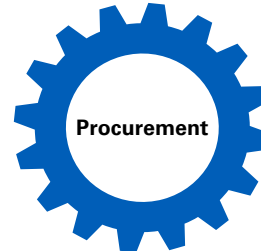
United Kingdom (excl. Scotland) Public Services (Social Value) Act 2012	Scotland Procurement Reform (Scotland) Act 2014	United States Minority- and Women-Owned Business (MWBE) law
Canada Buy Social Canada	South Africa Broad-Based Black Economic Empowerment Act	New Zealand Social services procurement focus

Source: KPMG, 2019

The movement of social procurement

In 1988 the State of New York in the US implemented a “Minority- and Women-Owned Business (MWBE)” law that required a minimum of 30% of all State Government contracts to be awarded to MWBE companies (Freedman, n.d.). Similarly, the “Sustainable procurement duty” within Scotland’s Public Procurement Law, requires that all government authorities consider how they can “improve the economic, social, and environmental wellbeing of the... area, facilitate the involvement of small and medium enterprises... and promote innovation” (UK Legislation, 2014).

The UK Government enacted the *Public Services (Social Value) Act 2013 (the Act)*. The Act requires public sector agencies commissioning work to consider how their procurement activities may also generate a Social Return on Investment via wider social, economic and environmental benefits (UK Government, 2016).



A review of the Act after two years of operation found that recognition, and application, of the Act by agencies was low, and the applicable measure of social return on investment was not fully developed or understood.

Social Enterprise UK stated, *"the government is failing to open up public procurement to a wider pool of providers. This means that they are losing out on the benefits of working with social enterprises, which reinvest their profits back into the communities they serve leading to better outcomes"* (Social Enterprise UK, 2018). However, the review also found that where agencies reflect the principles of the Act in practice, considerable social benefits are generated (UK Cabinet Office, 2015).

The benefits of a procurement approach

Procurement in Australia is valued at approximately \$600 billion (Social Traders, 2019) with government spending billions of dollars on a wide range of goods and services to support the delivery of frontline services for Queenslanders. It has been identified that for every \$100,000 spent on social procurement 1.5 jobs are created for disadvantaged Australians (Social Traders, 2019).

Procurement was seen by many stakeholders as one of the greatest areas that would assist in growing and sustaining the sector. There were also many examples of where local governments across Queensland have started to pursue social procurement outcomes to support local social enterprises. Stakeholders identified that there is a role for the government to play in promoting the benefits of a social procurement approach across the State and to promote awareness of the sector, for example through a marketing campaign.

Measuring social value (to balance against best value for money)

A global challenge facing the adoption of social procurement policies is the complexity in measuring social value. Measuring value based on input costs and outputs is a simple process; however, measuring social value based on impacts and outcomes is more complex. Many methods of measurement for social value exist. The challenge is in the lack of a universally recognised method by procurement officers (Third Sector, 2015).

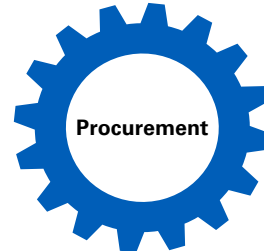
The need for a system manager/ contract manager

A further challenge to increasing social procurement is that it may increase risks of fraud and abuse. Without clear eligibility criteria and guidance, strong oversight and extensive transparency, these systems have the potential for misuse. In less mature jurisdictions there is also the risk that it becomes a proxy for local protectionism under the guise of community development (LePage, 2014).

It should be noted that where there is no clearly agreed definition of what a social enterprise is, including how any definition would be interpreted in practice, there is also significant risk of well-intentioned organisations incorrectly identifying as a social enterprise (that is they are mistaken rather than seeking to be fraudulent). Clarity of definition is therefore key in helping to support any procurement policy agenda.

The challenges faced in procurement to date

The 2017 Queensland Procurement Policy update was the first time language was implemented that focused on advancing social objectives and the importance of social procurement. In 2018, the government released a Social Procurement Guide.



It was noted the social procurement guide has been a significant first step for Queensland; however, the growing industry maturity of the social enterprise sector means that further consideration should be given to identifying how government can address some of the implementation hurdles in promoting a social procurement policy. The challenges in successfully implementing a social procurement agenda include:

- 1. Identifying genuine social enterprises.** In Queensland there is no single source of truth listing registered social enterprises. In order for a registry to be created and maintained an agreed set of eligibility criteria would need to be created and assessments of applying enterprises would need to be managed before inclusion into the register.
- 2. Government client mindsets.** A key challenge identified for implementing change was that the Office of the Chief Advisor – Procurement (OCA-P) needs their clients (such as government agencies) to also support the changes as it is the client that approves the supplier. Client agencies/ departments need to understand, endorse and adopt the social procurement principles in order for the social benefits of the Queensland Procurement Policy to be realised. One of the further challenges in this has been a longstanding culture of selecting suppliers with heavy consideration on best value for money, and this does not take into account any wider social benefits to Queenslanders. This is recognised as a positive approach, but it is acknowledged that the social benefits are broader than supporting just social enterprises.
- 3. Scaling up.** Social enterprise stakeholders have said that one of the biggest challenges as a smaller businesses is not having scaled capability to respond to large contracts. Some key mechanisms to work around this are being explored by some local governments including bundling up some work in smaller packages so that large businesses get the larger scale work they are more interested in, while the social enterprises can undertake the smaller scale work (for example in maintaining parks and gardens), and through requiring social enterprises to be included through head contractor arrangements (such initiatives are common in the mining sector).
- 4. Capability uplift needed in responding to tenders and navigating the system.** There has been consistent stakeholder feedback regarding the need for support navigating and responding to tenders. The Department of Housing & Public Works has already taken steps to address this through running trials with social enterprises and Indigenous businesses to work on supporting capacity and building capability. Some areas across government are supporting capability development in business acumen and are also providing detailed feedback from government to improve future responses to tenders. The government also runs tendering workshops, which present live opportunities and discussions on what is required to deliver on the contracts. It was suggested that there is an opportunity for tendering workshops specific to social enterprises, where the government could partner with local social enterprise networks to advertise the workshops.
- 5. Needing to maintain quality.** An issue raised by procurement stakeholders has been that social enterprises do need to ensure a focus on the quality of their goods and services. They noted various examples where social enterprises which were strongly purpose driven have won government contracts, but the quality of their service has been seen as inferior relative to for-profit organisations.



- 5. Needing to maintain quality (cont.).** The challenge with this over time is that if social enterprises do not ensure their quality is at least of equal standard to the wider commercial market, procurers will move away from using them in the future.

Difficulties in targeted procurement given size and scale of the sector

Stakeholders noted that there are examples within commercial procurement contracts that may also assist social enterprises if applied to a government context. These were:

- Changing the procurement bundles of goods and services into large scale and smaller scale procurement. For example, instead of contracting all parks within an area to be maintained by one contractor, larger parks could be contracted to a larger provider, and smaller parks could be contracted to a small to medium business, including a social enterprise. It is expected that smaller scale social enterprises would be more suited to these bundles, which may in turn prevent or limit the difficulties they have in scaling-up. In addition, it was noted that many of the larger contractors are not as interested in the smaller scale work, and therefore this strategy could be beneficial to all suppliers.
- Developing clauses in head contractor agreements that aim for a certain proportion of the goods or services to be procured through social enterprises, with the head contractor responsible for oversight of quality. It was noted that there are many examples of this working successfully in the private sector (especially the mining sector). This approach would also help to reduce the additional contract management role that would be needed with a bundling approach.

The government already supports social procurement through policies, beyond the scope of solely supporting social enterprises. Given the small size of the Queensland social enterprise sector (around 300 businesses compared with 426,000 small businesses in Queensland), it is not expected to be feasible to introduce such strategies at this stage, as these relate only to social enterprises and not to wider social procurement.

Case Study: government Social Procurement Initiative

Context

Procurement in Australia is estimated to be approximately \$600 billion (Social Traders, 2019b), with the government spending billions of dollars on a wide range of goods and services to support the delivery of frontline services for Queenslanders. It has been identified that for every \$100,000 spent on social procurement, 1.5 jobs are created for disadvantaged Australians (Social Traders, 2019b).

“Advancement of economic, environmental and social objectives – We use our procurement to advance the government’s economic, environmental and social objectives and support the long-term wellbeing of our community.”

– Social Procurement Guide, 2017

The 2017 Queensland Procurement Policy aims to ensure that procurement delivers value for money and also addresses the advancement of economic, environmental, and social objectives for the long-term wellbeing of the Queensland Community. In more detail the 2017 procurement policy aims to:

- Focus on the economic benefit to Queensland;
- Maximise Queensland suppliers opportunity to participate;
- Support regional and remote economies;
- Support disadvantaged Queenslanders; and
- Stimulate the ICT sector and drive innovation.

How the policy operates

The 2017 Queensland Procurement Policy was the first time that language was implemented to focus on advancing social objectives and the importance of social procurement. Social procurement means using the government’s purchasing power to generate social benefits, particularly for employment. The Queensland Procurement Policy requires buyers to endeavour to do business with ethically, environmentally, and socially responsible suppliers.

Figure 38 shows the core principles of the 2017 Procurement Policy, which has a dedicated segment to the “advancement of government objectives, providing the procurement framework to advance economic, environmental and social objectives”. This principle aims to ensure full, fair, and reasonable opportunity for Queensland suppliers, including local suppliers and small businesses.

Impact

Companies such as yourtown have been able to leverage the focus on social objectives in the Queensland Procurement Policy by creating partnerships with the Department of Housing and Public Works. For example, yourtown and Building and Asset Services have created a social procurement partnership whereby yourtown delivers employment and training services and addresses difficult issues affecting the lives of children and young people. This partnership has provided 21 young people, who were at high risk of long-term unemployment, with work and training opportunities (Building and Asset Services and yourtown, 2019).

Figure 38: Principles of 2017 Queensland procurement policy



Source: 2017 Queensland Procurement Policy

Accreditation and Recognition

“Until now, the social enterprise sector has been loosely identified with no single definition. For us, social purpose is the primary criteria and as such recognition via Social Traders certification makes it easier for business and government to buy from these social enterprises. We are certifying enterprises that meet a definition, which closely aligns with international standards. We aim to provide credibility, and share the awareness and trust that lies in the reputation of Social Traders.”

-David Brookes, Managing Director Social Traders

The following section outlines:

- International leading practice in accreditation and recognition of social enterprises;
 - Case Study: Social Traders Certification; and
 - Key insights and themes.
-



Background

Globally, social enterprises are starting to play an increasingly important societal role, acting to fill the gaps left by private sector companies or government to support local community. This growth brings with it risk, as social enterprises are not subjected to public regulation in the same sense as private sector companies.

The accreditation, recognition or certification of a social enterprise occurs through the government or another entity overseeing an accreditation process. Through this process social enterprises can apply and be recognised. This establishes, validates and standardises what is meant by the term “social enterprise”.

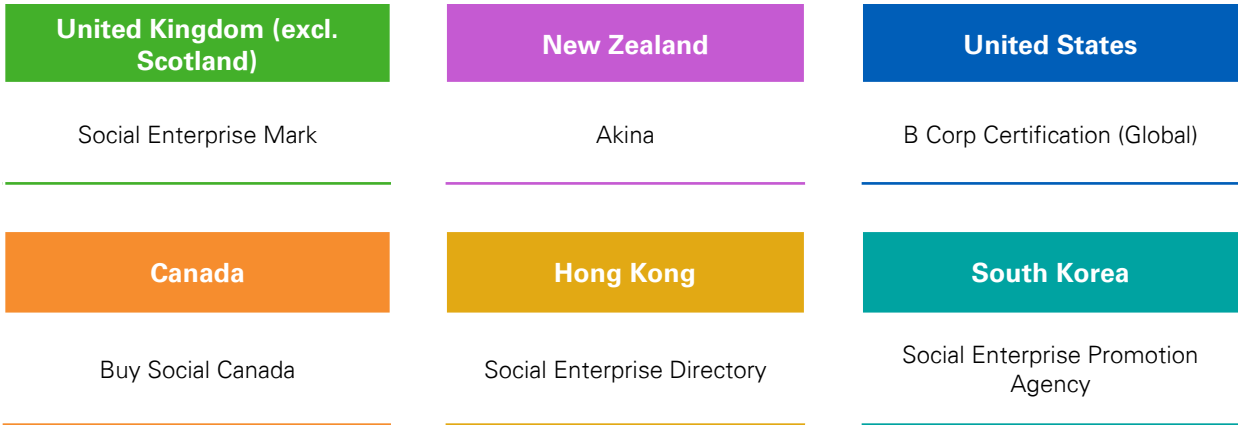
International best practice

Social enterprise certification is at varying levels of maturity globally. Examples where this has been adopted suggest that certification can act as a guarantee of sorts to potential buyers looking to interact with a social enterprise. Nonetheless, this requires buy-in and support from the sector.

Many countries have a national accreditation process to become a certified social enterprise. Internationally, the non-profit B Lab administers the B Corp Certification that requires an applicant to meet eligibility criteria. It is established in 50 countries and has 2,655 companies registered to date (this B Corp Certification was established in the US).

The figure below demonstrates countries with national accreditation models in place.

Figure 39: Country accreditation models for social enterprises



Source: KPMG, 2019

Benefits to accreditation

Across the different accreditation models there are a number of similarities, the most prominent being the benefits attached to becoming an accredited social enterprise. Certified social enterprises are able to differentiate themselves from others in the market, increase exposure to large scale buyers, expand their business potential, communicate with other certified enterprises and leverage the networks, tools and resources. Other similarities lie in the criteria for accreditation. While these may vary in exact wording, they encompass the same core mission for societal benefits. An example of this is the Social Enterprise Mark in the UK.



The Social Enterprise Mark Accreditation Scheme in the UK has created a robust accreditation model. The scheme has six criteria that applicants must fulfil for successful accreditation as outlined in Figure 40 (Social Enterprise Mark, 2016).

Figure 40: Social Enterprise Mark (UK) Accreditation Criteria

Criteria	Rationale
(a) Clear social or environmental objectives	Transparency of objectives is considered a vital element of social enterprises.
(b) An independent organizational constitution that informs the Governance	Self-governance and independence distinguish social enterprises from public sector institutions and projects within larger organisations.
(c) At least 50% of the total income must stem from commercial activities (trading)	50% trade income serves as proof for an enterprise not majorly reliant on donations and public grants.
(d) At least 51 % of profits must be reinvested into social or environmental objectives.	Social ambitions must be the main motivation – over a maximization of profits for shareholders’ private gain.
(e) If dissolved, all residual assets must be distributed to social or environmental objectives	The commitment of residual asset distribution to social or environmental objectives in the case of a dissolution confirms primary social motivation.
(f) Actual social value of objectives must be demonstrated	Social objectives must be achieved to a certain extent for the organization to have an actual positive impact.

Source: Social Enterprise Mark, 2016

Linking accreditation to an incentive

It was noted in consultation that accreditation is likely to only be successful if it is linked to a benefit for the enterprise (beyond validity as a social enterprise). This was a concern because of the burn-out and stress identified by many social entrepreneurs when they start a business, and the added administrative or regulatory burden, paperwork and/or the cost that the accreditation application brings. The level of effort required to complete the application and demonstrate that you are a valid social enterprise was felt to not be attractive to most start-up social enterprises. It was noted that where certification or accreditation has been linked to an incentive such as a tax benefit or, in the case of Social Traders, a procurement benefit by connecting buyers and sellers in the market, social entrepreneurs are more likely to see the value in the accreditation and take on the application effort.

Case Study: Social Traders Certification

"Certification is absolutely critical and I think that our certification will become increasingly important for social enterprises to be recognised and to actually win and deliver on these emerging contract and procurement opportunities."

– David Brookes, Social Traders MD, 2018

Context

Social Traders was established in 2008 as a independent not-for-profit company, jointly funded by the Dara Foundation and the Victoria State Government through the Community Support Fund. The organisation was created with a mission to connect social enterprises (over 250 certified social enterprises currently registered) with social procurement opportunities (42 buyer members currently registered) and support these social enterprises to successfully deliver on the contracts they win.

How the certification process operates

To support Social Traders in achieving their mission, a certification process was developed and launched for social enterprises in April 2018. This certification is designed to provide social enterprises with brand credibility and enhance their prospects of winning commercial procurement contracts with business and government buyers. The certification also acts as an opportunity for social enterprises to share best practices and challenges with other social enterprise procurement leaders, as well as scale and grow through a range of Social Traders tailored service offerings (Social Traders, 2019).

To become a Social Traders certified supplier, the applying organisation must meet the following criteria:

1. The enterprise has a defined primary social purpose (this includes environmental or other public benefit) and is able to provide evidence of its achievement;
2. The enterprise derives a substantial portion¹ of its income from trade; and
3. The enterprise reinvests 50% or more of any annual profits made towards achieving the social purpose.

These criteria are based on the definition of social enterprise, as established through Australia's landmark research, Finding Australia's Social Enterprise Sector (FASES) 2010 & 2016. Social Traders has made significant investment in the best way to operationalise the definition for certification. The framework for certification is flexible to support the diversity of social enterprises, but maintains the necessary rigour to protect the social enterprise brand, and social procurement marketplace.

Impact

With over 250 businesses obtaining Social Traders certification around Australia, Social Traders has taken a significant step for the Social Enterprise sector in Australia by creating the first national certification process and criteria. An example of this is ReBuild, a certified social enterprise that works with organisations to support disadvantaged young people by offering a suite of facilities maintenance services. ReBuild noted that external certification provides additional credibility and have engaged with a number of Social Traders buyer members since they were accredited (Social Traders, 2018)

For the purposes of this Report, it is important to note that Social Traders was founded in Victoria. Therefore, the majority of its membership base is located in Victoria however the focus of the certification is national.

¹ Social Traders defined a substantial portion of income as:

- 50% or more if trading for more than five years;
- 25% or more if trading for three to five years; or
- a genuine and demonstrable intention to generate 50% or more if trading for less than three years.

Accreditation & Recognition



Provision of evidence

The Social Traders certification program requires organisations to apply and provide evidence against the identified criteria, prior to commencing the certification process. Once accredited, it costs \$500 per year to maintain that accreditation. This can be a challenge for young organisations entering the market.

It is noted that Social Traders is itself a social enterprise and charges a fee for service for its certification. While this commercially makes sense, it may create a barrier to entry if suppliers for government procurement were required to be certified as a social enterprise and, therefore, had to pay a fee to achieve this.

Through consultation it was identified that Social Traders are currently undertaking work to update the framework into a more robust and open model, with an aim to increase ease of access without impacting the integrity of the certification. However, without this requirement for evidence organisations can claim to be a social enterprise while not meeting the definition.

A national accreditation program

It was noted that the certification and accreditation of a social enterprise would be most powerful when administered by a single national provider. This would enable a consistent certification process across the country. As a result, buyers would be able to clearly identify the organisations that were or were not certified, without having to determine the differences between a number of separately administered certifications/accreditations. It is understood that this is also currently being explored at an Australian Government level, where a national approach is preferred.

At this stage, Social Traders is the only provider of accreditation for social enterprises in Australia. Social Traders has a strong presence of certified social enterprises in Victoria as the Victorian Government stated that certification would be a requirement to be recognised on the supplier platform being used by the Government to buy from social benefit organisations. The Government has a role to play in ensuring that the accreditation and certification process is used by buyers and adopted within the market.

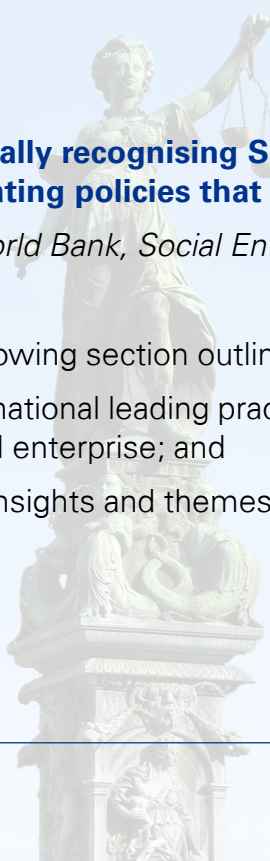
Regulation & Legal Structure

“By legally recognising SE [social enterprises], this opens the doors to formulating policies that support them.”

-The World Bank, Social Enterprise Innovations, 2016.

The following section outlines:

- International leading practice in regulation and legal structures that support social enterprise; and
 - Key insights and themes.
-





Background

Internationally there are examples, particularly at a country level, of regulation in relation to social enterprises. While this has not been used extensively as a support, these examples tend to support one of three different priorities:

- 1. Legislation that creates **legal requirements**, such as ensuring **re-investment of profits** into social enterprises, or strengthens **employment pathways** for disadvantaged job seekers;
- 2. Legislation that establishes **separate legal structures** for social enterprises; and/or
- 3. Legislation that facilitates growth in the sector through **taxation incentives**.

International best practice

Internationally the policy driver for these regulatory or legal initiatives is very different and includes:

- Creating a separate legal structure in recognition that social enterprises may not fit under a not-for-profit or charity definition, but may also not be suited to a traditional proprietary limited business structure either;
- High levels of unemployment across the country (many countries internationally became very interested in social enterprise growth following the global financial crisis and high rates of youth unemployment), and a need to address the needs of long-term disadvantaged job seekers. This policy focus occurs because social enterprises employ a higher proportion of disadvantaged job seekers than other types of enterprises as a proportion of their overall workforce; and
- Seeking to grow the sector through taxation or other incentives that recognise some of the unique challenges to social enterprises that are distinct from other small to medium businesses.

Figure 41: Examples of social enterprise regulatory and/or legal structures

United Kingdom (excl. Scotland)	Scotland	United States
Community Interest Companies (CIC) business classification	"Supported Business" policy to promote the integration of disadvantaged people into the workforce	Social Purpose Corporations (SPC) and Benefit Limited Liability Company (BLLC) classifications at the state level
Italy		
BC Centre for Social Enterprise		

Source: KPMG, 2019



Legal structures and tax benefits

While social enterprises' legal structures were raised in discussions as an area that some social enterprises struggle with, particularly where it has developed from a charity or not-for-profit organisation, it was noted that the major reform opportunities relating to changes to legal structures are outside of the scope of the government's remit.

It was also mentioned by some in the sector that there has been recent discussion at a Australian Government level around whether a separate legal structure and type could be developed for the social enterprise sector. Internationally, to assist in the growth and sustainability of the sector, other countries have provided tax incentives for those who fit within a specific legal structure set up for social enterprises. While tax or other business incentives could be examined if a new legal structure is established, tax reform is also outside the scope of the government.

A grass-roots movement and no desire for an unnecessary 'top-down' approach

As emphasised throughout this Report, there is strong support to continue the grass-roots "bottom-up" approach to developing social enterprises in Queensland. Many noted that other jurisdictions and countries have a more top-down approach to the development and support of the sector, but that given the way this sector has developed historically in Queensland there was no desire for this approach.

Research & Evaluation

“The collection of both quantitative and qualitative data and analyses on social enterprises and their contribution to public policy within and across countries is a necessary tool for improved policy and strategy making.”

-OECD, n.d.

The following section outlines:

- International leading practice access to research and evaluation tools for the social enterprise sector; and
 - Key insights and themes.
-



Background

Social enterprises operate with the intent to create positive outcomes through the sale of goods and services often leading to social benefits. Social impact tools and methodologies to measure the social value they are producing are important to measuring the benefits of the sector. However, the absence of a common approach for measurement and reporting on social impacts (with a lot of dissenting views about the best approaches and tools) is a key barrier to the measurement and promotion of the social impacts the sector has on the individuals, communities, regions and even countries they support.

International best practice

There have been a number of initiatives created in attempt to overcome this challenge such as the European Union's Expert Group on Social Entrepreneurship Sub-group on Impact Measurement (GECES Sub-group). This group was created to develop a systematic methodology to measure the socio-economic benefits created by social enterprises (GECES, 2014).

An impact measurement task force was created from the Ontario Social Enterprise Strategy with an aim to inform the development of an Action Plan that recommends a common approach to impact measurement that represents the needs of social enterprises in Ontario. The Ontario Social Enterprise Strategy 2016-2021 also identified a number of barriers related to impact measurement including:

- Social enterprises face capacity and financial barriers in undertaking impact measurement effectively;
- The impact measurement landscape is fragmented. There are various tools and methods used by the social enterprise community to measure impact. Some have developed bespoke solutions, and many others still remain uncertain as to the most appropriate measurement approach for their organisation; and
- There is a strong desire to have greater consistency throughout the sector regarding how to measure as well as what to measure, resulting in better alignment of the interest of stakeholders (KPMG, 2017).

Internationally, there is also consideration activity to better measure wider social and community impacts, including through the Global Reporting Initiative. The vision of this is, *"that reporting on economic, environmental, and social performance by all organisations becomes as routine and comparable as financial reporting"* (GRI, 2019).

Leveraging existing tools and frameworks... which one is best?

There are a number of tools and resources that have been developed within Australia and internationally that are either specific to social enterprise, or can be applied to the social enterprise sector because of their focus on social end community outcomes. Some of these include Social Return On Investment (SROI), Social Accounting, Enhanced Analytics, Skandia Navigator, Generation Investment, and Selling Added Value (Nicholls et.al. 2017).

What is noted in both the literature and from engagement with stakeholders is that while many are aware of these tools, there is a lot of confusion about which approach is best. Even where social enterprises have sought to quantify their value (usually through consultancy support), they have found that it has had gaps and has been disappointing.



The desire for a standard approach

This confusion around the best tools and measures to measure social impact have been felt internationally, and there is now a trend in some countries and regions to try and standardise the principles, approaches and measures to assist the social enterprise sector (such as in Ontario). The confusion in the sector, the desire to develop new and better methods, and the push for a more standardised approach is well described below.

“Within these developments [of evaluation of social impact] there are two different trends. One is towards new indicators or measures of value and one is to standardising the processes by which value is understood and compared. Both will be necessary if value-driven businesses and social enterprises are to unlock the value that they believe is both possible and necessary.” – Nicholls et.al. 2017

Part of the challenge in a standardised approach is the diversity for the social enterprise sector and the industries in which they operate. In addition, the very strong link to place-based approaches for social enterprise has led some to argue that any tools and resources need to be reflective of the local context. In addition there is a strong desire from the Queensland social enterprise sector that tools are not too complex, with a need for measurement tools that are easy to implement with consideration given to the costs of implementation and effort.

Measuring social value can be a point of difference

In consultation with the social enterprise sector in Queensland there were many smaller social enterprises which did not see measuring social impact as being key to the enterprise's success, and it was noted by some to be an administrative burden. However, there were some social enterprises (and many from within the ecosystem) that noted that those social enterprises that measure their social impact and value are often more likely to succeed as they can use this value proposition and evidence in the market as a key point of difference.

Social Impacts at a regional and country level

As previously noted, there is a dearth of empirical literature quantifying the social impacts of social enterprises at a system wide level (that is at a country or regional level). Part of the challenge as is noted above is that social enterprises touch a range of industry sectors; however, there is very little quantification of even the size and scale of the sector, let alone social, environmental, economic, employment and innovation impacts. The more that these are quantified through research and evidence, the clearer the value proposition for the sector as a whole will become. It will be important for researchers to become part of the regional social enterprise networks to connect research with local community practice.

Increasing the evidence base

One way in which to grow and develop the sector is to foster evidence-based research into the sector. The social enterprise sector is an area of growing interest to both governments and the corporate sector; however, the research and evidence base needs to be strengthened. While there are a number of key academics in Australia who are helping champion the sector, and international journals that exist (such as the Journal of Social Entrepreneurship and the Social Enterprise Journal), further independent and evidence-based research into the impact of social enterprises in the Queensland context would be beneficial.



Evaluation and monitoring

It is expected that into the future there will be a need to monitor and map the size and scale of the social enterprise sector, particularly to demonstrate growth where public funds are being used on initiatives to help sustain and grow the sector. In other countries, such as the UK, regular mapping reports are undertaken (every two to three years) to outline how the sector is changing, and to allow government programs and initiatives to respond to the changing needs of the sector.

In keeping with good public policy processes, it is expected the implementation of a Social Enterprise Strategy would include an evaluation of progress against the strategies adopted by government. This is particularly critical given government fiscal constraints and a need for accountability and transparency in the way in which resources are used. The adoption of evaluation methodologies will inform better investment decisions in those programs that are delivering the required outcomes and, through this, help to grow and sustain the social enterprise sector in Queensland.

It is also expected that as a result of greater public awareness about the social enterprise sector, a future mapping process undertaken within the next two to three years will yield a more detailed picture of the size and scale of the sector in Queensland. Many of the current limitations would be improved through increased awareness, greater and stronger local networks who support social enterprises, and a national certification process.

Regional Support

“There is increasing evidence that communities that do best are those with strong, diverse and innovative local leadership, active citizens and good connections to what is going on in and beyond their communities. There is also evidence that communities and individuals with strong networks and trusting relationships achieve better results in education, health, safety and economic performance.”

-QCOSS, 2009.

The following section outlines:

- International leading practice access to finance; and
- Key insights and themes.





Background

“It has been found that social enterprises based in rural and remote areas appear to rely more heavily on fundraising and volunteer recruitment than to have partnerships with business or to operate commercial ventures” (Social Traders, 2010).

Queensland is the second largest state in Australia with a total area of 1,730,648 km². Queensland is almost the most dispersed State in Australia from a population perspective, with more than 4,778,000 people only approximately 62% living in urban centres. More than 35% live in regional locations, with around 3% residing in remote areas. The size and degrees of remoteness and diversity across Queensland make it difficult to find international comparisons from which to draw leading practice; however, it was identified through consultation with stakeholders that regional support is needed for the social enterprise sector to succeed in Queensland.

There are a number of other factors that have impacted the enterprise development within regional and remote Australia, including the experience of rural and remote settlements and industry impacts, the complex history of public policy in Indigenous affairs, and the occurrence of market failures in these communities.

Distance and innovation

Differences in innovation outcomes have been attributed to differences in location. It has been posited by stakeholders that an innovation gap exists for small to medium enterprises (SMEs) in rural locations, which is likely due to the distance from customers, suppliers, research institutions and universities. It was also noted that rural based enterprises can lack the relevant human and knowledge capital, infrastructure and financial resources for innovation. A key example provided in stakeholder consultation was the closure of local services, such as banks, and the impact this has on community accessibility to such services.

There is an opportunity to improve interconnectivity between rural SMEs and universities. An example of this is the University of Sydney Business School's development of the Remote and Rural Enterprise program (RARE), which is a community engaged learning program connecting students with remote, rural and Indigenous enterprises in Australia and South-East Asia to solve real world business challenges. The program completed work with Maranoa Kangaroo Harvesting Co-op to develop a business plan connecting kangaroo harvesting opportunities with financial objectives. The program also identified international export customers while conserving financial and market components (University of Sydney, 2019).

Missing network and ecosystem supports

The factor of distance is a key contributor to the absence of networks and ecosystem supports in regional and remote communities. Many of these local towns and communities do not have the population base to support a network or ecosystem, and the nearest town may be hundreds of kilometres away.

One of the biggest challenges is the Queensland - Outback SA4 region. Requiring a place-based approach to social enterprise is reasonable, but given the size of the region it will be difficult to achieve economies of scale for ecosystems. To date, the majority of funding for governments to support and set up ecosystem supports are limited to urban centres (some of which may be in regional locations, however) where the strongest concentration of social enterprises exist.



The more remote areas are rich with opportunity, but challenging to support

As has been noted throughout this Report, social enterprises often exist or are established in response to market failures or the government's desire to meet community needs. As many stakeholders noted throughout consultation, many of the remote communities in Queensland actually have the greatest opportunities to make a difference; however, there may not be any industry or market in place.

In addition, if there is no buy-in from the community, the social enterprise (which may service a very small population) is unlikely to succeed. Some stakeholders noted that in certain remote towns there is a more conservative attitude to business development, and that social enterprises consequently find it harder to enter these market. Others noted that in communities where you are a newcomer, there will not be as much support for you in your business venture as there would be if you were seen as a local. These factors all create barriers to entry (above and beyond simply geography).

The need for place-based enterprises

There is a need to recognise the differences in opportunities between urban centres and regional and remote communities. Unique challenges are faced by different geographies across Australia. For rural Australia, the primary industry foci tend to be on production, agriculture and mining; however, there is clear desire from communities to diversify. These factors that communities face need to be taken into account when seeking to support regional and remote communities and the social enterprises that services them.

Recognising Aboriginal and Torres Strait Islander enterprises

It has been identified that a high proportion of Aboriginal and Torres Strait Islander people live in regional and remote Australia, with 45% of the population in Very Remote areas being Indigenous (ABS, 2018).

The importance of Indigenous-owned and led social enterprises has been recognised by SVA, IBA and Reconciliation Australia (RA). Indigenous community-based enterprises often have to operate within an environment of complex social and cultural obligations which can make defining and measuring 'success' difficult (AIHW, 2014).

Supports, such as business networks, are important avenues for business advice and increased access to suppliers and customers; however, Indigenous people, particularly in remote and regional areas, likely lack the networks to support and encourage development of enterprises.

Embedding culture into community-based enterprises was identified as a requirement for enterprises' success, particularly in regional and remote areas. It was found that enterprises linked to community and culture are more likely to be successful due to the increased support network and community engagement (AIHW, 2014).

Appendices



Contained in the appendices are the following sections:

- Reference List
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A: Global and Australian Landscape



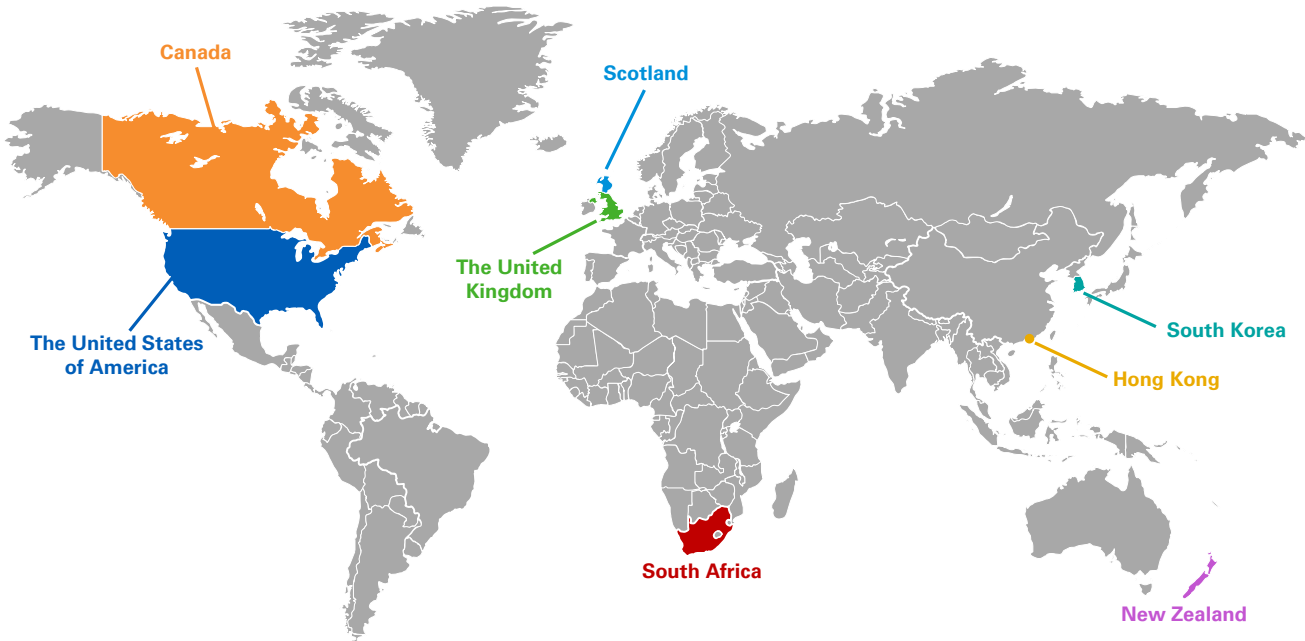
All around the world, social enterprise organisations are seeking to respond to changing population needs and drive positive social change through financially sustainable practices. As demonstrated by contemporary research, the social enterprise sector is impacted by many factors ranging from government policies, business legislation, impact investors, philanthropy, and market need. Although the development of the sector is unique to a country's government structure and policies, lessons learned and best practices can be drawn from other countries' approaches and initiatives to support social enterprise.

This section outlines the current state of social enterprise and practices established in Scotland, the UK (including Scotland), Canada, the US, New Zealand, South Africa, South Korea, and Hong Kong. This is followed by a snapshot of the Australian social enterprise environment, with a focus on Victoria.

Global Landscape

Key global leaders

Over the last five years, there has been significant interest in, and exponential growth of, social enterprises around the world. Internationally, a Social Enterprise World Forum (and Steering Group) has been established to grow the social enterprise market and run annual conferences for the sector around the world. We have provided below a snapshot of six countries (including Australia) which have been active in developing the social enterprise sector in their countries and regions.



United Kingdom (excl. Scotland)

Social Enterprise Sector	10,000 social enterprises in 2018 Population of approx. 66 million
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Initiatives
<ul style="list-style-type: none">• State of Social Enterprise Survey (2017 latest)• Public Services (Social Value) Act 2013• Community Interest Company status (linked to targeted tax relief)• Social Enterprise Ecosystem includes Social Enterprise UK (SEUK), Cambridge Social Ventures, Social Enterprise in the UK (British Council)• The School for Social Entrepreneurs (SSE)• UnLtd Social Entrepreneurship in Education (SEE) Change Initiative

Scotland

Social Enterprise Sector	5,600 social enterprises in 2017 Population of approx. 5.3 million
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Initiatives
<ul style="list-style-type: none">• Scotland’s Social Enterprise Strategy 2016-2026• Building a Sustainable social enterprise sector in Scotland 2017-2020 (as one of three action plans)• Voluntary Code of Practice for Social Enterprise in Scotland• Social Enterprise in Scotland Census (most recent 2017)• Social Enterprise Academy (SEA)• Strong Social Enterprise Ecosystem including Social Enterprise Scotland, Social Firms Scotland, Senscot and regional networks

Global Landscape

United States	
Social Enterprise Sector	Unknown Population of approx. 325.7 million
Initiatives	
<ul style="list-style-type: none">• 2018 United States Social Enterprise Census• New Market Tax Credit (established 2000)• Social Innovation Fund• ‘Benefit Corporation’ legal status• Community Development Finance Institutions (CDFI) Fund	

Canada	
Social Enterprise Sector	7,000 social enterprises in 2016 Population of approx. 36.7 million
Initiatives	
<ul style="list-style-type: none">• Directory of Canadian Social Enterprise• Canadian National Social Enterprise Sector Survey 2016• Social Enterprise ecosystem includes Enterprising Non-Profits Program, Social Enterprise Council of Canada• The Canadian Social Enterprise Guide	

Hong Kong	
Social Enterprise Sector	570 social enterprises in 2016 Population of approx. 7.4 million
Initiatives	
<ul style="list-style-type: none">• Social Enterprise Directory• Social Enterprise Business Centre (SEBC)• Social Enterprises Partnership programme• Social Enterprise Award Scheme• Social Innovation and Entrepreneurship Development (SIE) Fund	

South Korea	
Social Enterprise Sector	1,776 social enterprises in 2017 Population of approx. 51.5 million
Initiatives	
<ul style="list-style-type: none">• Social Enterprise Promotion Act• Korea Social Enterprise Promotion Agency (KoSEA)• KoSEA’s Social Entrepreneurs Academy• Local self-sufficiency centres	

South Africa	
Social Enterprise Sector	Unknown Population of approx. 56.7 million
Initiatives	
<ul style="list-style-type: none">• BerthaCentre for Social Innovation and Entrepreneurship• Survey of Social Enterprises of South Africa• Broad-Based Black Economic Empowerment Act• UnLtd South Africa• The New Growth Path government strategy	

New Zealand	
Social Enterprise Sector	1,600 social enterprises in 2016 Population of approx. 4.8 million
Initiatives	
<ul style="list-style-type: none">• Strategic Group on Social Enterprise and Social Finance (Report 2016)• Social Enterprise Ecosystem includes The Akina Foundation• \$5 million investment by the NZ Government announced in 2017 to grow the sector	

Country Profile: Scotland



The Scottish context

The Scottish Government is firmly established in its support for social enterprises, fostering the ecosystem and driving the sector's development through policies to support the sustainability of social enterprises. The Scottish Government categorises social enterprises as a part of the 'Third Sector', which includes social enterprises together with charities and voluntary groups.

Voluntary code of practice for social enterprise in Scotland

The widely referred to Voluntary Code of Practice for Social Enterprise in Scotland provides Scotland's definition of a social enterprise, as follows (Senscot Legal, 2018):

1. "A Social Enterprise (SE) is a business trading in the marketplace - selling goods and/or services - but whose primary objective is to achieve social and/or environmental benefit.
2. Regardless of its legal form, the constitution of a SE will include the requirement that profits are reinvested in the business or in the beneficiary community - and not distributed to owners/ shareholders/investors.
3. The constitution will always require that on dissolution, the assets of the SE are reinvested in another organisation with similar aims and objectives.
Taken together Criteria 2 and 3 are referred to as the 'asset lock' - the defining characteristic of a SE - which distinguishes it from the private sector.
4. SEs are different from those charities and voluntary organisations which do not aspire to financial independence through trading.
5. SEs are distinct from the public sector and cannot be the subsidiary of a public body."

Social enterprise strategy

Scotland's *Social Enterprise Strategy 2016-26* identifies three strategic priorities (Scottish Government, 2016):

1. **Stimulating social enterprise**, including local development via community development, local strategies, support infrastructure and equality groups; social entrepreneurship and innovation via getting started, seed capital, spaces for innovation and intrapreneurship; social enterprise in education via early learning and childcare, schools, colleges, universities and informal education; and driving national recognition;
2. **Developing stronger organisations**, including social finance via investment-readiness, intelligent grant making, responsive finance and unlocking capital; business support via advisor network, specialist support, mainstream services and internationalisation support; collaboration via social enterprise networks, consortia development, collaborative technologies; leadership development via learning programs, future leaders, empowered governance and international leadership; workforce development via careers and skills, fair workplace, work integration, devolved employment services; demonstrating social value via measuring impact, social reporting and capability building; and
3. **Realising market opportunity**, including public markets via public sector engagement, collaborative commissioning and social procurement; consumer markets via buy social certification, social enterprise nation and consumer-facing enterprises; business markets via sharing economy and corporate supply chains.

Country Profile: Scotland



The strategy also commits the Scottish Government to the ongoing commissioning of the *Social Enterprise Census* as a way of measuring progress against the three strategic priorities (Scottish Government - "Social Enterprise Strategy", 2016). The first of three action plans, *Building a Sustainable Social Enterprise Sector 2017-2020*, is detailed below.

Building a sustainable social enterprise sector in Scotland: action plan 2017-2020

In line with its national strategy, this action plan outlines the first 3 priorities for the strategic plan, which include:

1. Stimulate social enterprise through national and international recognition, working with the Scottish Community Alliance to promote enterprise activity, and strengthening Scotland's role as a leader in the sector;
2. Develop stronger organisations through collaboration and leadership and workforce development; and
3. Realise market opportunity by developing public social partnerships, supporting the establishment of sustainable procurement duty, and growing social enterprise's role in areas such as criminal justice.

The implementation of this action plan was overseen by the Scottish Government's Equality, Human Rights and Third Sector Division. It aimed to establish a Reference Group and develop a complete monitoring and evaluation plan in addition to promoting the biennial Social Enterprise Census and encouraging the collection of key performance indicators (KPIs) and other market data.

Social enterprise census

The second biennial **Social Enterprise in Scotland Census** was held in 2017 (Social Value Lab, 2017). It was commissioned by a partnership between several social enterprise-related organisations and the Scottish Government. The census provides data and information related to the composition of the sector, geographic coverage of social enterprises, markets for social enterprises, business practices within social enterprises, financial performance, gross value added contribution, employment and social change contributions and prospects and needs of the sector. As of 2017, there were 5,600 social enterprises in Scotland, contributing £2bn gross value add and employing 81,357 people (Social Value Lab, 2017). The census enables the sector and the government to understand the changes being experienced by the social enterprises.

Social enterprises in Scotland identified their leading concerns as: an uncertain political, public sector and business environment resulting in business relationships lost through restructuring and attrition, and periods of inertia for social enterprises; a challenging public funding environment, which creates a variety of challenges for social enterprises seeking public sector grants or contracts; economic hardship influencing consumer behaviour which places demands on social enterprises social missions while also threatening their income streams; and inflationary pressure on the overall cost of doing business (Social Value Lab, 2017).

Country Profile: Scotland



Social enterprise ecosystem

The Scottish Government states its commitment to the support of the social enterprise ecosystem in Scotland (Scottish Government - "Social Enterprises", 2018). This includes:

- **Social Enterprise Scotland** – an independent membership organisation that promotes and campaigns on behalf of all social enterprises in Scotland, and provides a searchable online social enterprise database (Social Enterprise Scotland, 2018);
- **Social Firms Scotland** – the national support body for social enterprises whose social mission is to create opportunities for people disadvantaged in the labour market, including mental health issues, learning disabilities, substance abuse issues, a prison record or homelessness issues (Social Firms Scotland, 2018);
- **Senscot** – an organisation that facilitates, fosters, and advocates for the members of 18 local and 6 thematic social enterprise networks across Scotland (Senscot, n.d.); and
- **Social Enterprise Academy** – which delivers the Social Enterprise in Education program and delivers learning and development to social enterprises and entrepreneurs (Social Enterprise Academy, 2018).

The Scottish Government also directly funds three dedicated business support agencies for the social enterprise sector and a business gateway for all business types. It also has a dedicated policy for Supported Businesses, which are social enterprises whose main aim is to integrate disabled or disadvantaged people into society and the workforce, whereby every Scottish public body should have at least one contact with a supported business (Scottish Government - "Supported Factories and Businesses", 2018).

Country Profile: The UK (incl. Scotland)



The United Kingdom context

The UK (incorporating Scotland) defines social enterprises as “a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners” (UK Government - “A Guide”, 2011). The UK Government has focused on policy changes relevant to tax and legal structure as its key mechanism for the support of the social enterprise sector across the UK, together with the devolved governments of Scotland and Northern Ireland, and to a lesser extent Wales and the English regions.

Community interest companies and social investment tax relief

In 2005, the UK Government established **Community Interest Companies (CIC)** as a legal structure for social enterprises and other organisations that operate to provide a benefit to the community they serve (UK Government - “Information and Guidance”, 2016). The UK Government recognises several different legal structures (charity, co-operative, limited company) as social enterprises; a CIC is a special type of limited company recognised as a social enterprise.

The key features of a CIC include an ‘asset lock’ which restricts the transfer of assets out of the company, a mission enshrined in the company constitution and a cap on the maximum dividend and interest payments it can make (UK Government - “Information and Guidance”, 2016). These features signal to investors and the market that the social enterprise credentials of the business are bona fide. Status as a CIC can also trigger targeted tax relief and other stimulus or interventions. At present the UK government provides tax incentives (‘social investment tax relief’) to investors in community interest companies, together with community benefit societies and charities, in order to stimulate social investment in the sector (UK Government - “Use the Sitr”, 2017). Since 2005, over 13,000 CICs have been founded (Social Enterprise UK, 2017).

Social Value Act 2013

The UK Government enacted the **Public Services (Social Value) Act (the Act)** in 2013. The Act requires public sector agencies commissioning work to consider how their procurement activities may also generate a Social Return on Investment via wider social, economic and environmental benefits (UK Government - “Social Value Act”, 2016). While not strictly social procurement, commissioning social enterprises for is a key means by which to generate a social return on investment via procurement. A review of the Act after two years of operation found that recognition, and application, of the Act by agencies was low, and the applicable measure of social return on investment was not fully developed or understood. However, the review also found that where agencies reflect the principles of the Act in practice, considerable social benefits are generated including through procurement from social enterprises (UK Cabinet Office, 2015).

State of social enterprise survey

According to its website, Social Enterprise UK is the UK’s leading social enterprise peak body and facilitator of the largest network of social enterprises in the UK. Since 2007, it has commissioned a biannual State of Social Enterprise Survey, the 5th of which surveyed 1,581 senior figures from the social enterprise sector (Social Enterprise UK – “Future of Business”, 2017).

Country Profile: The UK (incl. Scotland)



Against a backdrop of unprecedented political uncertainty for the UK and in the context of 10 years of surveys, the 2017 survey found that: social enterprises show considerable commercial resilience and continue to outperform small to medium enterprises on various business metrics such as innovation and turnover growth; income and cash flow pressures have risen while recruitment has slowed; accessing the right kind of finance remains an ongoing challenge; social enterprise start-ups out-number mainstream start-ups at a rate of 3 to 1; more than 40% of social enterprises employ persons from disadvantaged groups and more than two thirds of social enterprises support persons from these groups (Social Enterprise UK – “Future of Business”, 2017).

UK-wide social enterprise ecosystem – key bodies

Social Enterprise UK has over 1,000 members made up of social enterprises, private businesses, charities and public sector organisations who support the vision and mission of social enterprises. Social Enterprise UK works in a number of ways. In 2016, it launched the *Buy Social Corporate Challenge*, which to date has resulted in a range of companies committing to procuring £1billion from the social enterprise sector by 2020. Social Enterprise UK also works with local councils and public agencies, including health and social care agencies and housing associations, to enhance their social procurement activities, including their working understanding of the *Public Services (Social Value) Act*.

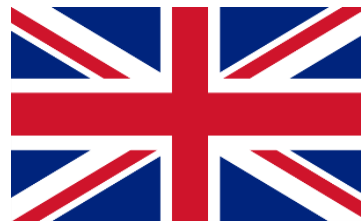
Social Enterprise UK also supports *Social Enterprise Places*, of which there are currently 26 across the UK (Social Enterprise UK – “About Places”, 2016). These ‘hotspot’ places are formally recognised and supported to build their local social enterprise ecosystems. Social Enterprise UK supports the Places to engage local councils, businesses, charities, consumers and social entrepreneurs to build local markets.

Cambridge Social Ventures is a business support program for social entrepreneurs run by the University of Cambridge Judge Business School. The program is co-located with a business incubator for traditional businesses and offers Social Venture Weekends for emerging social entrepreneurs and established social ventures and tailored support through its social business incubator (Allia, 2018).

UnLtd is an independent organisation generating self-sustaining revenue from funds invested after receiving an endowment in 2002. UnLtd provides a packages of support that work with social entrepreneurs to establish or scale-up their business operations. This includes funding, investment and up-scaling, one-on-one business support, coaching and advice, access to business and specialist skills, measuring social impact and connecting enterprises with mentors and pro bono support (UnLtd, 2018).

The **School for Social Entrepreneurs** was founded in 1997 by Lord Michael Young, himself a pioneering social entrepreneur who coined the term ‘meritocracy’ (SSE, 2018). It currently operates as a social franchise in the UK (nine schools), Canada and India (one school each). The school runs a variety of courses for emerging and established social entrepreneurs related to building the practical skills and business knowledge required to build and maintain a social enterprise.

Country Profile: The UK (incl. Scotland)



The British Council also leverages the learnings from, and the experiences of, the UK social enterprise sector to deliver programs in the international development context across 29 countries in which the Council is active. This includes:

- Providing social entrepreneurs with access to training, mentoring and funding opportunities;
- Promoting social enterprise education in schools and universities;
- Convening policy dialogues, conducting research and organising study tours to share knowledge and best practice; and
- Delivering international development actions that focus on social enterprise.

Country Profile: Canada



The Canadian context

Canada has a history of citizen-based collective initiatives, such as the Community Economic Development (CED), that aim to utilise socio-economic levers to meet social objectives. The movement started with Quebec installing CED corporations in 1984 and the social economy became part of the national agenda in 2004 (Mendell, 2007). The concept of a 'social economy' as a space where public, private, and civil societies intersect for the greater public good is an integral part of understanding Canada's social enterprise sector. In Quebec, for example, the embedded networks supporting the social economy are referred to as the 'Chantier de l'économie sociale'.

Key characteristics of the social enterprise market

The Canadian government defines social enterprise as an emerging dynamic business model that has the following 3 components: social, environmental, and/or cultural goals; trades in competitive markets; and reinvests profits for community benefit (Mendell, 2007). Other Canadian organisations interpret social enterprise more broadly as for-profit businesses with a social mission, and some consider not-for-profit organisations that operate a business venture to support their mission to be social enterprise organisations.

Social enterprises are generally considered to be collectively owned, meaning that they are typically a cooperative or not-for-profit. There is an emphasis on democratic governance and participation (as compared to U.S. emphasis on distribution of profits), and some provinces have social enterprise directories (see Chantier de l'économie sociale in Quebec, for example). Established networks include the Canadian Community Economic Development Network and the Chantier de l'économie sociale.

Support for social enterprise networks varies across the federal Canadian structure, including a several different digital platforms:

- In 2016, the federal government launched its **National Social Enterprise Directory** within the Canadian Company Capabilities website as a platform to self-identify and promote their goods and/or services. This in turn provides government procurement officers and other companies with a mechanism through which to identify and procure from social enterprises. The directory also strengthens the ability of corporations to operate supplier diversity programs (Canadian CED Network, 2016);
- A **Social Purchasing Portal** was launched in 2003 as an online database for the public to search locally-based and socially responsible businesses. It is currently operating in 8 regions around Canada; and
- The **Social Economy Portal** provides residents in Quebec with a directory of organisations in the province's social economy.

Division between State and Federal governance

Unlike some of the other actors, Canada has been slow to adopt and implement tax incentives for social enterprises and there are no federal mechanisms to drive private capital investment (Torjman & Young, 2007). However, the government of Quebec is seen as the most progressive and has established labour solidarity funds and worker shareholder cooperatives that aim to finance the social economy. The federal government augments the concept of a social economy and social enterprise with two additional premises: social innovation ("developing new solutions to social or economic challenges") and social finance ("tools that... mobilise private capital for the public good") (Government of Canada, 2018).

Country Profile: Canada



Lessons learned from a failed bill

In 2004, the Canadian government proposed its Social Economy Initiative. Although it never passed, the three key areas provide a helpful policy framework for future consideration:

- Capacity building: Allotted \$17M CAD over 2 years to Regional Development Agencies (RDAs) to expand and strengthen the capacity of community economic development and social economy organisations;
- Financing: Allotted \$100M CAD over 5 years to RDAs to improve social enterprises' access to capital; and
- Research: Allotted \$15M CAD over 5 years to support community-based research overseen by the Social Sciences and Humanities Research Council.

Legal structures that support social enterprise

In 2013, the province of British Columbia enacted a new corporate structure called the **Community Contribution Company (CCC)**, which is a hybrid business structure aimed at bridging the gap between the for-profit and not-for-profit sectors. A company registered as a CCC is not tax-exempt and must "allocate at least 60% of its profit toward a social purpose and... must have at least three directors at the time of the incorporation." (Small Business BC, 2015).

With the exception of the National Social Enterprise Directory, oversight and strategy for the social enterprise sector is done at a provincial level. There are a number of policies and initiatives across the provinces to stimulate and sustain growth in their social economy, such as:

- The Social Enterprise Loan – provides loans up to \$150,000 to start or grow social enterprise in rural Canada;
- Ontario Catapult Microloan Fund for Social Enterprises – provides loans up to \$25,000 for innovative social enterprises based in Ontario;
- Toronto Enterprise Fund – funding to support a social enterprise that provides employment or training for marginalised people; and
- Social Enterprise Ontario – provides grants up to \$16,000 or loans up to \$40,000 to social enterprises with environmental or social goals.

Needs in the social enterprise sector

In 2007, the Canadian government conducted a needs assessment for the social economy sector (Mendell, 2007). Many of the points raised by stakeholders are also applicable to other contexts, and include the following strategies:

1. Provide technical assistance through feasibility studies and training;
2. Establish long-term capital sources to increase stability in the sector;
3. Stimulate capital investment through tax credits; and
4. Create "horizontal policy environments" that facilitate coordination and partnerships between federal, provincial, and municipal governments.

Though some of the policies listed above have addressed some of these needs, all four areas continue to be fundamental factors of continuing programs and initiatives aimed at driving the growth of the social enterprise sector in Canada.

Country Profile: United States



The role of civil society

Given the Federal Government's comparatively light hand in the provision social safety net services, the United States has a robust history of community-based initiatives and continues to develop its network of not-for-profit and social enterprise organisations. Compared to countries like the U.K, the social enterprise sector is largely driven by private and civil society actors in the U.S. with government support coming primarily from state and local government authorities.

According to the OECD, social enterprises rose in popularity as not-for-profits looked for entrepreneurial ways to address financial stress and implement more financial stability (Mendell, 2007). A report from Duke University found that the most rapid growth in the social enterprise sector occurred during the late 1990s and early 2000s (Community Wealth Ventures, 2010). However, the trend towards more 'business-like' strategies in the not-for-profit sector, and a growing awareness and embrace of social issues by for-profit companies is blurring the line for how social enterprises are understood within the traditional not-for-profit and for-profit categories. Urban centres are key drivers and enablers of social enterprise activity given the increased density of population and resources, which make it easier for the information campaigns and awareness building, coordination of programs, and resource acquisition (Mendell, 2007).

Key characteristics of social enterprise in the US

A key characteristic of social enterprise in America is the financial support and other 'venture philanthropy' that organisations provide to enterprises. Some examples of financial support foundations include the **Skoll Foundation**, **Ford Foundation**, and **Hewlett Foundation**. There is also a greater emphasis on profit distribution. There are several social enterprise networks, such as the National Association of Community Capital, the National Congress on Community Economic Development, the Social Enterprise Alliance (provides tools and resources for social enterprises and established the Great Social Enterprise Census) and the Business Alliance for Local Living Economies.

Notably, a number of higher education business schools (Harvard University, Stanford University, Duke University) have started to offer courses on Social Entrepreneurship and have developed the sector from a more academic and research-oriented perspective.

The **Social Enterprise Alliance** identifies more than 30 sectors where social enterprises operate in, including disaster assistance, health, homelessness and housing, poverty and immigration, civil and human rights, substance abuse, and sports and recreation. As of 2008, the most widely recognised type of social enterprise was retail and thrift shops, such as Goodwill Industries and the Salvation Army (Community Wealth Ventures, 2010).

Over 90% of social enterprises are focused on domestic issues rather than foreign issues (Thornley, 2012). However, in 2014, the United States Agency for International Development (USAID) partnered with the Skoll Foundation and Mercy Corps to invest \$44.5 million in social enterprises around the world (Duke FUQUA, n.d.).

Measuring the sector

Part of the difficulty in measuring the size of the sector is the broad definition of social enterprise as encompassing both not-for-profit and for-profit companies. The following two social enterprises provide an illustration of some of the biggest players in the Social Enterprise ecosystem:



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Country Profile: United States



- *Partners in Health*: \$72.5 million net assets in 2017. It operates in 12 countries. In 2018, its services helped over 30,000 people with HIV, provided care for more than 4,000 cancer patients, and supported over 1 million women and their children in developing countries.
- *TOMS Shoes*: Started in 2006, the shoe company marketed an easy pitch: for every pair of shoes sold, a child in a developing country would receive a pair of shoes. It has since expanded its mission to include the sale of eyewear to support eye clinics in developing countries and bags to support maternal health. In 2018 it was valued at \$625 million (USD).

United States Government strategy and policy

Although the social enterprise sector in the US is largely driven by philanthropists and private foundations, the past two decades have seen increased participation from the federal and state governments. Nationally, the U.S. government has enacted the following policies with aims to enable the social enterprise sector:

- *Community Development Finance Institutions (CDFI) Fund*: Managed by the United States Department of the Treasury, this federal fund provides tax credits, investment capital, grants, and other assistance to community development entities, many of which are social enterprises;
- *New Market Tax Credit (2000)*: 5-year plan for community investment with a cap of \$15 billion (USD) worth of tax credits;
- *Revenue Rules 2004-51 (2004)*: Allows tax-exempt organisations, such as not-for-profits, to maintain their tax-exempt status if they enter into a joint venture with for-profit corporations (Mendell, 2007); and
- *Edward M. Kennedy Serve America Act (2009)*: Broad legislation that, among other items, created a **Social Innovation Fund (SIF)** of \$50 million (USD) to support community-based solutions and provide more start-up capital to social enterprises (Corporation for National and Community Service – “Edward. M. Kennedy”, 2010). Since 2009, the SIF and its private-sector partners have invested over a billion dollars (\$352 million (USD) in federal investments and \$707 million (USD) in non-federal and private sector match commitments) in community solutions through two programs, SIF Classic and SIF Pay For Success. As of May 2017, 44 organisations receiving an average of \$7.8 million (USD) in awarded funding have benefitted from the Fund. The three priority areas of investment for the fund are creating economic opportunity, health, and youth development (Corporation for National and Community Service – “Social Innovation Fund”, 2010).

Legal structures for social enterprise

Beginning in 2008, various state governments began debating and voting on ‘Benefit Corporation’ legislation, which is aimed at deregulating certain provisions within corporate law so that corporations have more liberty to pursue mission-driven impact. Currently, several variations of the legislation have been passed in 32 States, including the District of Columbia (Benefit Corporation, 2018). The legislation creates a new class of entities labelled “social enterprises” that pursue positive social and environmental impact in addition to financial gains. There are various legal forms⁴⁵ of this new class that states have enacted, including (Esposito & Pelsinger, 2018):

- Social Purpose Corporations (SPC);
- Low-profit Limited Liability Company (L3C); and
- Benefit Limited Liability Company (BLLC).

Country Profile: United States



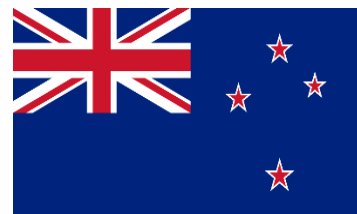
Current challenges

In addition to needing to define social enterprise and developing an accurate census, there is debate in the US around the negative side effects of the benefit corporate legislation and a rise in corporate fraud. Critics of the policy point out two primary weaknesses:

1. There is a lack of accountability in existing benefit corporation legislation; and
2. There is a lack of oversight (Cho, 2017).

These two weaknesses can result in 'faux corporate social responsibility', in which companies can declare that they are Benefit Corporations but are not accountable for delivering on their stated mission (Cho, 2017). As the sector continues to expand, the need for oversight and accountability will have to be addressed.

Country Profile: New Zealand



The New Zealand context

The social enterprise sector in New Zealand is a relatively new but rapidly growing area in the market, spurred by targeted needs arising from events such as the 2010 and 2011 earthquakes (Grant, 2015). Contemporary research notes that there are four key factors that have strongly influenced the development of the social enterprise sector in New Zealand, which are (Grant, 2015):

- Socio-cultural norms;
- Neoliberal reforms established in the 1980s;
- Crown settlements and reforms in relation to the breaches of the Treaty of Waitangi (1840); and
- Globalisation and the multicultural experience.

The New Zealand government considers social enterprises to be companies that use “commercial methods to support social or environmental goals” and that can provide innovative, private-sector driven solutions to societal issues (New Zealand Government, 2014). These social enterprises add to the “collective impact” of New Zealand’s social economy strategy and drive the government’s better public service goals through the third party service delivery. Unlike Canada, there is little focus on democratic governance and equal consideration of income and social outcomes. There is a range of challenges currently facing the social enterprise sector, such as the need for stronger infrastructure and access to external finance sources (New Zealand Government, 2014).

Key social enterprise models

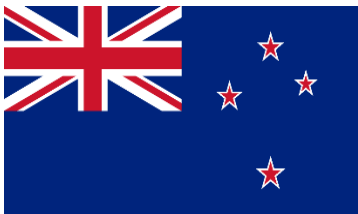
There are four primary models of social enterprises in New Zealand: trading not-for-profits, community economic development, business-oriented social innovation, and Maori enterprises. The **Akina Foundation** is a specialist intermediary organisation that has been partnering with the government of New Zealand since 2014 to develop and grow the sector through capability building programmes, workshops, and the facilitation of investment in social enterprises (Akina – “Start and grow”, 2018).

New Zealand Government strategy and policy

Historically there has been limited coordination between the government of New Zealand and the social enterprise sector. In recent years, however, there has been a change in approach as government recognition of the sector has increased. Notably, the New Zealand government is currently investigating ways to build the capacity and capability of the social enterprise sector through looking into how social enterprise networks, local and federal government agencies, investors, and philanthropic organisations can partner to drive social impact missions.

In 2014, the government provided \$1.27 million (NZD) in funding to begin formally developing the social enterprise sector and strengthening the sector’s infrastructure and capacity primarily through partnership with the Akina Foundation. In 2017, the Minister for the Community and Voluntary Sector and Minister for Maori Development announced new government funding of \$5.55 million funding, spread over 4 years, for a social enterprise market development program and research into establishing a business model for social enterprise nationally (Government of New Zealand, 2017).

Country Profile: New Zealand



The **Social Enterprise Sector Development Programme** is currently overseen by the Akina Foundation in partnership with the government and is running in parallel to a 3-phase economic study that was commissioned by the Department of Internal Affairs (Department of Internal Affairs, 2017).

In addition to the national strategies above, local authorities have started to develop local social enterprises. In 2014, the Auckland Council developed a social enterprise strategy and updated their procurement strategy and procurement policy to facilitate stronger support for social enterprise missions (Auckland Council, 2014). Wellington City Council has prioritised social and community enterprises for grant selection within their social and recreation fund and has partnered with some social enterprises in the region (Grant, 2017).

Country Profile: South Africa



Current context and challenges

The success of social enterprises in South Africa is largely due to their grassroots nature. Importantly, most social enterprises have a strong local presence and knowledge that is beneficial for reaching underserved populations in the community (World Bank Group, 2017). In sub-Saharan Africa, social enterprises and entrepreneurship tend to develop in areas where there is acute poverty, but a homogenous community and/or similar ethnic group identities (Gordon Institute of Business, 2018). This model for community-driven service delivery has created the landscape of social enterprise in South Africa as seen today.

Most social enterprises have a local, rather than national, focus, employing a small (less than 50) workforce that serves fewer than 100 beneficiaries a month (Gordon Institute of Business, 2018). The Social Enterprise Academy Africa describes social entrepreneurship as “a way of doing business that makes positive social and/or environmental changes” (Littlewood & Holt, 2015). In a survey of social enterprises of South Africa conducted in 2016 – 2017 by the Gordon Institute of Business Science, it was recorded that most organisations considered to be social enterprises legally identified as not-for-profits, had been operating for over 3 years, and addressed social issues around education, health, and the housing needs of lower income and disadvantaged populations.

Notably, the social enterprise sector in South Africa is considered to be “emergent” in that it lacks the necessary enabling environment that is typically created and sustained by the government (World Bank Group, 2017). This lack of clear accountability of which entities are responsible for growing the sector is one of the barriers for growth of the social enterprise sector in South Africa.

Given the strong flow of foreign aid (\$1.4B USD in 2014) in South Africa, some organisations have started to capitalise on use of the term “social enterprise” as a way of attracting more business even though they do not fit most definitions of a social enterprise (World Bank Group, 2017). Similar to some other jurisdictions, the South African Government has noted it would benefit from adopting a legal definition or framework for social enterprises to prevent misleading use of the term.

The social enterprise ecosystem in South Africa

Networks and other “big players”

- The **BerthaCentre for Social Innovation and Entrepreneurship** was founded in 2011 and is housed within the University of Capetown’s Graduate School of Business. It supports the social enterprises through education, research, and scholarships to students in Africa.
- Organisations, such as **Eighty20** and **Wazimap**, contribute to the data collection of economic activity and markets impacted by social enterprise (such as “bottom of the pyramid” populations in South Africa), which in turn supports the general growth and development of the social enterprise sector with evidence-based knowledge.
- Between 2016 to 2017, the Gordon Institute of Business Science administered and compiled the first ever **Survey of Social Enterprises of South Africa**. Although there were limitations to its comprehensiveness, it still provided important information on social enterprises.
- Microfinance institutions such as the **Kuyasa Fund** provide home improvement loans to people living in social housing and is considered to provide financial support for social enterprise (World Bank Group, 2017).

Country Profile: South Africa



Capacity building support

A number of social enterprises and a few universities provide programs and training to continue growing capacity in the sector. Social enterprise incubators, such as Hubspace in Cape Town and Innovation Hub in Johannesburg, provide education programs aimed at building capacity and sustainability within the social enterprise sector.

Development of public awareness

Social enterprises are most heavily represented in the tourism, manufacturing, healthcare, energy, and financial services markets. Educational centres such as the Bertha Centre for Social Innovation and Entrepreneurship and the Gordon Institute of Business Science are driving the academic initiatives to gather data, collect surveys, and offer social entrepreneurship classes to develop the sector through education and research.

Access to finance

Most social enterprises are funded by charitable foundations, corporate social investment funds, or government entities (Gordon Institute of Business, 2018). There are four primary ways in which social enterprises can access funding in South Africa, as set out below.

1. Grant funding from foreign donors or domestic businesses. Three of the biggest grant funding organisations include: Broad-Based Black Economic Empowerment (BBBEE); National Youth Development Agency (NYDA), which provides funds for entrepreneurs between the ages of 14-35; and UnLtd South Africa, which is a non-profit that provides financial and capacity-building services for social entrepreneurs and social enterprises. Their support model aims to work with projects in the early stages – the program requires 50 hours of training, mentoring, and education on networking and business before the grant (which has a maximum of \$1,600 USD) is awarded (World Bank Group, 2017).
2. Commercial lending from major banks (same rules apply as for any other business).
3. “Soft loans”, which favour the borrower, from small public sector entities and some larger actors such as the Industrial Development Corporation (IDC) and the Development Bank of Southern Africa (DBSA).
4. Monetary backing from a small but growing network of impact investors that support social and microenterprises. These impact investment companies include entities such as E2 E-Square (a subsidiary of one of South Africa’s largest asset managers), Thundafund (which leverages crowd funding as a way to gain capital), Greater Capital, and Impact Trust.

Legal structure

There is no legal definition for social enterprises – they can register as a not-for-profit, for-profit, or combination of both (as discussed in the literature review). A non-profit company (NPC) is defined as “a company incorporated for public benefit or other object relating to one or more cultural or social activities, or communal or group interest” (Companies and Intellectual Property Commission, n.d.). They must register with the Department of Social Development instead of the Department of Trade and Industry (which for-profit companies register with). Donations and grants (up to 10% of the enterprise’s taxable income) to an NPC are exempt from taxation.

Country Profile: South Africa



South African Government strategy and policy

As previously mentioned, the South African Government is passively supportive of the social enterprise sector. Although the government has not released legislation that specifically targets social enterprises, there are a number of legal and financial policies that the social enterprise sector has benefitted from. These include:

- The **Broad-Based Black Economic Empowerment (B-BBEE) Act**, implemented in 2003 and amended in 2013, which established programs and financial structures meant to empower the black majority in South Africa. It established a Generic Scorecard, that includes social outcomes, for companies to be rated against the following dimensions:
 - Ownership;
 - Management control;
 - Employment equity;
 - Skills development;
 - Preferential procurement;
 - Enterprise development; and
 - Socio-economic development (supporting community initiatives).

Although compliance is not mandated, organisations, including social enterprises, which undergo the evaluation have an advantage for winning public sector procurement and social contracts (Littlewood & Holt, 2015).

- The **Companies Act**, implemented in 2008, which was a major overhaul of the country's legal business structure, in part to address the emerging class of social enterprise companies and organisations.
- The **New Growth Path**, implemented in 2011, which was the first legislative framework to explicitly recognise social enterprises and their role in the social economy and job creation through its promotion of national skills, education, and local procurement (Littlewood & Holt, 2015).
- The **Small Enterprise Finance Agency (SEFA)** falls under the jurisdiction of the Department of Trade and Industry and provides financial support to small businesses, which can include (but are not limited to) social enterprises.

Country Profile: South Korea



Current context and challenges

Rapid industrial development of South Korea in the 1960s resulted in socio-economic issues in the latter half of the 20th century, such as an ageing population, decline in birth rate, rapid scaling from traditional economies to a technology-driven marketplace, and job growth stagnation.

In response to these challenges and a growing unemployment rate in the 1990s, the government began instituting initiatives that laid the groundwork for the current robust social enterprise sector in South Korea. In 2000, spurred on by civic movements and the Asian Financial Crisis, the government installed the National Basic Livelihood Security System (NBLSS), which was an income security channel for those living under the poverty line (Didet & Eum, 2010). In addition to this, the government introduced the Social Vision 2030 plan in 2006, which aimed to encourage and empower the social services sector by increasing public expenditure and propulsion of social enterprise models through the newly introduced the **Korea Social Enterprise Promotion Agency** (KoSEA). KoSEA, a governmental body, defines social enterprise as “a company or organisation which performs business activities while putting priority on the pursuit of social purposes” (Didet & Eum, 2010).

The main challenge facing social enterprises today is the economic competition from “chaebols” (large conglomerates owned and controlled by Korean families and owners), which can limit the market access and presence of social enterprises. These chaebols have a larger share of the market and are able to price out smaller competitors. Additionally, similar to the US and South Africa, the social enterprise sector is largely driven by private funding. According to the OECD, South Korea has the second lowest allocation of public funds to social spending (OECD, 2016).

The social enterprise ecosystem in South Korea

Networks and other “big players”

The primary network that operates in social enterprise ecosystem in South Korea is the KoSEA. In 2007, the **Social Enterprise Promotion Act** granted KoSEA the authoritative power to certify organisations as social enterprises via an application process (Korean Social Enterprise Promotion Agency, 2018).

As of December 2018, there were 2,089 certified social enterprises operating in South Korea with the majority of enterprises focusing on six primary market areas:

- Initiatives for employment for the elderly;
- Community business and employment (focus primarily on rural areas);
- Community enterprises in vocational training (focus primarily on rural areas);
- Social enterprises for the disabled;
- Medical cooperatives; and
- Self-sufficiency initiatives for socially disadvantaged people (Korea Social Enterprise Promotion Agency, 2018).

Some examples include BeautifulStore, a charity and recycling store in 120 locations across South Korea that employs disadvantaged groups and distributes profits to charities, and Test Kitchen, a producer of organic crackers that employs elderly and youth, and promotes sustainable food practices.

Country Profile: South Korea



However, there is a network of 232 **local self-sufficiency centres** (LSSCs), outside of KoSEA, that are civil organisations tasked with achieving the work integration goals of the NBLSS.

LSSCs work as beneficiaries of NBLSS to create self-sufficient enterprises that employ those within the NBLSS scheme in a number of sectors such as construction, cleaning, care services, and agriculture (Didet & Eum, 2010). LSSCs receive a large portion of their budget from public subsidies (Didet & Eum, 2010).

Capacity building support

KoSEA has a range of initiatives and resources that aim to increase the economic impact of social enterprises. It operates a "Social Entrepreneurs Academy", which provides training and resources to potential social entrepreneurs in the form of non-degree business courses and specialised courses for working-level employees and the general public. The agency also provides financial and capital resources to social enterprises such as start-up funds, office spaces, integrated information systems, databases, and administrative and professional services during operation in their infancy (Korea Social Enterprise Promotion Agency, 2018).

Development of public awareness

KoSEA fosters public awareness of social enterprises through their active development initiatives, namely through assisting in creating high-quality promotional media content for the organisation and by organising regular celebratory events that promote the business and its vision (Korea Social Enterprise Promotion Agency, 2018). The agency also expands market opportunities for social enterprises by promoting preferential purchases within public institutes (Korea Social Enterprise Promotion Agency, 2018).

Access to finance

Through SEPA, certified social enterprises have access to various forms of financial assistance. National or local governments may support or finance facility expenses or lease state-owned land to the enterprise (Government of South Korea, 2007). There is also further financial assistance provided for social enterprises operating in social services sectors (such as education, health, social welfare, environment, or culture), which include assistance with labour and operational costs, financial expenses, and requisite business expenses (Government of South Korea, 2007).

Legal structure

KoSEA's social enterprise certification process has multiple stages of consulting, purpose review, recommendations from public authorities, and screening. Once an organisation is recognised as an official social enterprise, they must continue to report on and meet certain obligations, such as:

- Reinvesting profits to maintain and expand their enterprise;
- Carrying out self-sustaining business operations;
- Providing their purpose, contents of business, financial reports, and revenue generating, operations, and employment records to the government; and
- Publishing an annual report of their business performance.

Country Profile: South Korea



Research is conducted on behalf of the Minister of Labour to assess the conditions, compliance, and efficacy of each enterprise every five years and the state is entitled to cancel certifications if SEPA criterion are not met (Government of South Korea, 2007). Most notably, given the definition and rigour behind the social enterprise certification, SEPA prohibits the use of the term “social enterprise” by non-certified entities (Government of South Korea, 2007).

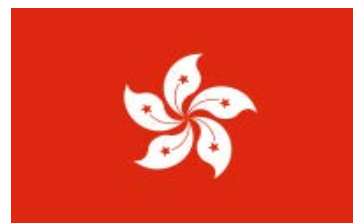
South Korean Government Strategy and Policy

In addition to financial assistance, SEPA also entitles certified social enterprises to tax reductions and support for social insurance. The government may reduce the corporate tax and local tax liability of an enterprise. Furthermore, the government may also support a portion of the premiums of employment insurance, pension insurance, national health insurance, and industrial accident insurance. Additionally, non-social enterprise companies may also be entitled to tax reductions if they are connected to the certified enterprise (Government of South Korea, 2007).

KoSEA classifies social enterprises into five “types”:

- **Job-creation Type:** The main purpose of the enterprise is to offer jobs to vulnerable social groups;
- **Social Service Provision Type:** The main purpose of the enterprise is to provide vulnerable social groups with social services;
- **Mixed Type:** Job-creation Type + Social Service Provision Type;
- **Other Types:** A social enterprise of which realisation of social purposes is difficult to judge on the basis of the ratio of employment or provision of social service; and
- **Local Community Contribution Type:** An enterprise which contributes to the improvement in the quality of life of the local community (Social Enterprise Promotion Agency, 2018).

Country Profile: Hong Kong



Current context and challenges

In 2007, Hong Kong's Commission on Poverty sponsored the first inter-collegiate Hong Kong Social Enterprise Challenge (HKSEC) to draw attention to the emerging sector and inspire innovation. Since then, social enterprise has emerged into a growing market with an estimated 654 not-for-profit and social enterprise organisations as of 2017 ("SEBC FAQ", 2018).

The need for social enterprise contributions has arisen in the past two decades from the city's increasing population density and a growing income disparity, which have placed pressures on the city's public infrastructure and ability to meet the needs of the local population. Hong Kong's low corporate tax rate (16.5%), highly educated population, and reputation for a creative and innovative workforce have created opportunity for social enterprise to flourish (Chau, 2015). A recent study conducted by Google and the Chinese University of Hong Kong found that 43% of budding entrepreneurs in Hong Kong had considered social and cultural components when forming their business (Chau, 2015).

However, Hong Kong's biggest challenge to supporting continued growth of the sector is the establishment of a formal definition and legal structure. Further, although the government provides seed funding, there are relatively few public service contracts and social procurement opportunities available.

The social enterprise ecosystem in Hong Kong

Networks and other "big players"

The social enterprise network in Hong Kong is comprised of both public and private sector actors. On the government side, the **Home Affairs Department (HAD)** provides some oversight of the sector and promotes growth through provision of funding and training.

The **Social Enterprise Advisory Committee** provides advisory services to the government on policy, program development, and program implementation to support sustainable development of the social enterprise sector. The committee also aims to foster better understanding and encourage closer co-operation among relevant stakeholders ("First meeting of Social Enterprise", 2010).

The **Social Enterprise Business Centre (SEBC)**, which aims to advance social entrepreneurship and mobilise social innovation, sits at the intersection of private and public sectors because it is jointly funded by the Hong Kong Bank Foundation and the Hong Kong Council of Social Service. The SEBC partners with multiple professional services firms to provide business support, capacity building initiatives, start-up and scale funding, impact assessment, and training programs ("SEBC Core Business", 2018). Notably, the SEBC also maintains a **"Social Enterprise Directory"**, which is recognised and utilised as a search engine by consumers and as a database by the government. The application to be in the directory requires:

- Entity is legally registered and operational for over a year;
- Entity services one or more social objectives; and
- **Either** the entity is a tax-exempt not-for-profit **or** a minimum of 50% of its annual income is generated from direct sales, a maximum of 35% of its profit is distributed to shareholders, and its assets are not transferred to other entities ("SEBC Social Enterprise Directory", 2018).

Country Profile: Hong Kong



Examples of social enterprises in Hong Kong include **START on Stage**, an enterprise that provides Special Therapeutic Arts Rehabilitation Training for children with special education needs, and **MicroForests**, an enterprise focussed on empowering marginalised women (single mothers, new arrivals, low income) through job training and opportunity to produce and sell artwork. The profit from the artwork is reinvested back into the company to provide training programs and additional employment support services for women.

Capacity building support

The Home Affairs Department aims to advance the capacity of the social enterprise sector through the Social Enterprises Partnership Programme, which facilitates partnerships between different industry sectors and local communities. The program also provides business advisory services and mentorships to social enterprises and social entrepreneurs ("Support to Social Enterprise", 2018). The department may also provide land capital or reduced rent for state owned spaces for business operation.

The SIE Fund (detailed below) also contributes capacity building initiatives through education. They fund the **Social Entrepreneurship School Education Program**, which aims to enhance the understanding of teachers and students about social enterprise and its impacts, and to inspire the pursuit of social entrepreneurship in students. Furthermore, the fund also supports the **Social Innovation Design Lab**, which is a training programme that aims to train young designers to become enablers for social innovation in Hong Kong. SIE runs accessory workshops, forums, and projects in entrepreneurship, innovation and business skills in the pursuit of increasing capacity.

Development of public awareness

Starting with the Hong Kong Social Enterprise Challenge (HKSEC) in 2007, the government has played an active role in promoting the development and growth of the sector. The Home Affairs Department has implemented programs that aim to enhance public understanding and economic support of social enterprise. In particular, the Home Affairs Department has an active role in organising a range of promotional activities in local regions, including various media campaigns, district fairs, and expositions to showcase products and services to the public.

Access to finance

Given the government's involvement in the sector, there are a few finance options available. The **Social Innovation and Entrepreneurship Development (SIE) Fund** is a government-funded initiative that provides the necessary resources to social entrepreneurs to enable them to thrive and innovate. They provide support in research, capacity building, and physical capital and financial assistance. Their primary objective is to nurture social entrepreneurship to enhance the wellbeing of society, increase social capital and reduce poverty.

Legal structure

There is no formal registration system or official legal classification for companies considered to be social enterprises ("SEBC FAQ", 2018). However, the SEBC's Social Enterprise Directory, which is used by both private citizens and government, requires an application with eligibility criteria for what businesses can register in the directory. These eligibility criteria are outlined on the previous page.

Country Profile: Hong Kong



Hong Kong government strategy and policy

The social enterprise sector is governed by the Home Affairs Department, which has the primary objective for the sector to grow its capacity and create employment opportunities for the disadvantaged within social enterprises. In line with this objective, the Home Affairs Department provides a source of start-up funds through multiple initiatives, creates mentorship and training opportunities for social entrepreneurs, and organises events, expos, trade fairs, and awards. The Hong Kong government is also the only national government to calculate the social return on investment (SROI) at an individual level (Kee, 2018).

After the Asian Financial Crisis in 1997, the unemployment rate was high and the government instituted policies to support the development of Work-Integration Social Enterprises (WISE), which provided opportunities to unemployed and other disadvantaged populations in Hong Kong (Chan, K.M. and Yuen T., 2011). Government provided seed money to not-for-profits and other enterprises to provide employment opportunities. This policy formed the foundation of Hong Kong's current seed money funding structure, which has since grown to address other social issues as well (Chan, K.M. and Yuen T., 2011). By providing funding for social enterprises, the government has more influence over the business strategy and viability of social enterprise applicants (Kee, 2018). In 2017, the government had provided a total amount of HK\$450 million over the previous 15 years in the form of seed money, which benefitted the establishment of 248 new social enterprises in the market ("Social Enterprises in Hong Kong").

The government also promotes marketing and networking within the social enterprise network by organising large scale conferences. The first example of this was the Social Enterprise Conference in April 2007, which was co-hosted by the government's central Policy Unit and the Commission on Poverty, and it continues to facilitate cross-sector collaboration and innovation in the market.

The Australian Context

The growth of the social enterprise sector in Australia has largely been driven out of State and local initiatives. Victoria is widely viewed as the leading state of Australia in terms of sector size, as well as government support, ecosystems and initiatives. A summary of these are provided below.



Queensland

Social Enterprise Sector	Not defined Population of approx. 4.9 million
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Initiatives
<ul style="list-style-type: none">• Social Procurement Guide (Dept. of Housing and Public Works)• Skilling Queenslanders for Work Initiative• Queensland Social Enterprise Strategy (in process)

Tasmania

Social Enterprise Sector	Just over 100 social enterprises in 2011 Population of approx. 500,000
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Initiatives
<ul style="list-style-type: none">• Tasmanian Social Enterprise Study (2011)

South Australia

Social Enterprise Sector	77 social enterprises in 2018 Population of approx. 1.6 million
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Initiatives
<ul style="list-style-type: none">• South Australian Social Enterprise Survey (2018)• Flinders University Enterprise Consulting• Social Enterprise Guide (assisting start-up)

New South Wales

Social Enterprise Sector	Not defined Population of approx. 8 million
---------------------------------	---

Initiatives
<ul style="list-style-type: none">• Social Impact Investment Policy• Social Sustainable Procurement policy• Social Ventures Australia (SVA)

Victoria

Social Enterprise Sector	3,500 social enterprises in 2016 Population of approx. 6.3 million
---------------------------------	--

Initiatives
<ul style="list-style-type: none">• Map for Impact 2017• Victorian Government Social Enterprise Strategy 2017• 2018 Social Procurement Framework• Social Enterprise Capability Framework Voucher

Western Australia

Social Enterprise Sector	Not defined Population of approx. 1.7 million
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Initiatives
<ul style="list-style-type: none">• Social Enterprise Fund WA• \$10 million grant program to support social enterprise in 2012

Northern Territory

Social Enterprise Sector	Not defined Population of approx. 244,500
---------------------------------	---

Initiatives
<ul style="list-style-type: none">• Locally-led by external third party organisations (i.e. Starwin Social Enterprise)

Australian Capital Territory

Social Enterprise Sector	Not defined Population of approx. 401,737
---------------------------------	---

Initiatives
<ul style="list-style-type: none">• ACT Social Enterprise Hub• ACT Social Enterprise Peer Network

State Profile: Victoria



Victorian Government strategy and policy

The Victorian Government has an advanced Social Enterprise policy and regulatory framework, which actively supports the development and sustainability of the social enterprise ecosystem across Victoria. This includes the 2017 *Social Enterprise Strategy*, the 2018 *Social Procurement Framework*, and the *Social Enterprise Capability Framework Voucher* (business capability building grants). The Victorian Government also commissioned the 2017 *Map for Impact Report* identifying Victoria's social enterprises and their impact on the Victorian economy, and supports the *Social Traders Certification Program*.

The Victorian Government defines social enterprises as organisations that:

- “Are driven by a public or community cause, be it social, environmental, cultural or economic;
- Derive most of their income from trade, not donations or grants; and
- Use the majority (at least 50%) of their profits to work towards their social mission” (Victoria State Government – “Social Enterprise”, 2018).

The 2017 *Victorian Government Social Enterprise Strategy* has three priority action areas (Victoria State Government, 2017):

1. Increasing impact and innovation: Opening doors for social enterprises; Connecting the community; and Valuing social enterprise's impact;
2. Building business capacity and skills (building skills to grow businesses and assisting intermediaries); and
3. Improving market access: Social procurement framework; Social enterprise recognition; Marketplace partnering – online matching platform and on-ground events calendar.

Map for Impact

The Victorian Government's strategy and associated policy settings are based on the findings and recommendations of the 2017 *Map for Impact* study, which found social enterprises in Victoria have a \$5.2 billion economic impact, create 60,000 jobs — comprising 1.2% of the Victorian workforce — including 12,000 that are held by people with a disability and 4,000 that are held by people who had previously experienced long-term unemployment (Castellas et al. 2017).

The study found that:

- Further development of social enterprise and the wider social innovation ecosystem has great scope for increasing the economic participation and contributions of the diversity of Victoria's population;
- About one quarter of organisations which fit the definition of social enterprise do not identify as such, therefore the use of broader and more inclusive terminology will help to engage the full spectrum of social enterprises. This includes terms such as social business, enterprising not-for-profits, for-purpose businesses and values-led businesses;
- Victorian social enterprises need business capability development, resources or support particularly in the areas of marketing, social impact measurement and sales/the ability to win new business;

State Profile: Victoria



- Enterprises need access to a broad range of financial products across the life-span of their operations (not just at foundation). These financial products also need to be general in nature (not tied to any particular activities, in the way grants tend to be); and
- On the government side, their general social procurement policies and programs should take account of the scalability of social enterprises (most of which are small) and appropriately match the production/service-delivery ability of suppliers with the volumetric demands of buyers.

Social procurement framework

The Victorian Government's Social Procurement Framework provides a framework and pathway for all Victorian Government departments to boost their procurement from social enterprises (Victoria State Government – "Social Procurement", 2018).

The framework sets out:

- The Victorian Government's social and sustainable procurement objectives;
- Requirements and expectations for individual procurement activities and for department and agency procurement planning; and
- Measurement and reporting requirements.

The framework identifies social enterprises, Aboriginal businesses, Australian disability enterprises, and suppliers that provide inclusive opportunities as businesses and enterprises that should benefit from the Social Procurement Framework. The framework provides Victorian Government procurers with a range of encouraged approaches based on procurement values, together with sourcing advice. The framework was due to be implemented across all government departments and agencies by September 2018. These departments and agencies will be required to provide their first annual report on their social procurement activities by July 2019.

Social enterprise capability voucher stream

The Victorian Government also provides vouchers (grants) up to \$25,000 in value under the Social Enterprise Capability Voucher Stream (Business Victoria, 2018). These vouchers aim to develop the business capabilities of social enterprises, including for business process and systems improvements, business transformation, financial management planning, industry standards implementation and certification, and tender guidance.

Social enterprise ecosystem

Government and private funding support a robust social enterprise network in Victoria, including some of the following organisations:

Social Ventures Australia (SVA): One of the biggest not-for-profits in the social enterprise market, SVA provides consulting services, impact investing, and advocacy services to promote social enterprise and build capability throughout Australia.

State Profile: Victoria



Social Traders: The Victorian Government provides funding to Social Traders, which is an independent not for profit company limited by guarantee. Social Traders was established in 2008, and their goal is to create 1,500 jobs for disadvantaged Australians by 2021. Social Traders fosters a market place of certified social enterprise and buyers interested in procuring from social enterprises. At present they have a community of 95 certified enterprises and 600 buyers. To receive Social Traders Certification enterprises must verify through documentation that they:

- Have a defined primary social purpose, environmental or other public benefit;
- Derive a substantial portion of their income from trade; and
- Reinvest 50% or more of any annual profits towards achieving the social purpose.

While based in Victoria, Social Traders operates nationally. Social Traders previously ran an online directory of social enterprises, however found moving towards a membership based network of social enterprises and procurers was more cost effective and produced greater benefits for enterprises.

The Difference Incubator (TDi): With the support of NAB, their corporate partner, TDi is a social enterprise looking to help other social enterprises 'do good and make money'. They work with businesses at every stage of development to establish high impact business models that produce equally strong results for profit and purpose. TDi offers a 2-day business model workshop, a 6-month accelerator program, and bespoke consultancy services. TDi has also partnered with the Department of Foreign Affairs and Trade for work in the international development sector. Following their own advice, TDi has a 5-year plan to become fully self-funded (currently, NAB subsidises about 66% of their keystone program, the workshop, so that organisations can attend at a lower cost).

B: Literature Review Method



Literature Review Methodology

The literature review (and environmental scan) of academic and grey literature relating to social enterprise was undertaken in three key stages. These were searches of key academic leading literature, government and other “grey” literature, and region and country based searches on social enterprises to determine the ecosystem supports.

Academic Leading Literature

We draw upon KPMG’s Australian-led Global Impact Investing Institute and KPMG Canada’s Impact Ventures Practice, to identify leading academic and sectoral research. Journals such as the Journal of Social Enterprise were analysed. This was supplemented with a literature search using a range of search engines, grey literature, and journal databases using a sophisticated list of search terms including:

<u>Search terms</u>	
Social enterpri?e	Social enterpri?e policy
Social enterpri?e AND Queensland	Social procur*
Social enterpri?e sector	Community interest compan*
Social entrepreneurship	Community financ*
Scaling social enterpri?e	
Social enterpri?e	<i>Search terms use truncation</i>
Measur* social enterpri?e impact	<i>and wildcard methods</i>
Social impact invest*	

Government and other grey literature

Government and other grey literature was key to the insights and environmental scanning undertaken for this engagement. In addition to KPMG’s knowledge of the topic, reputable sources were used as the initial basis for these insights. The reputable sources included:

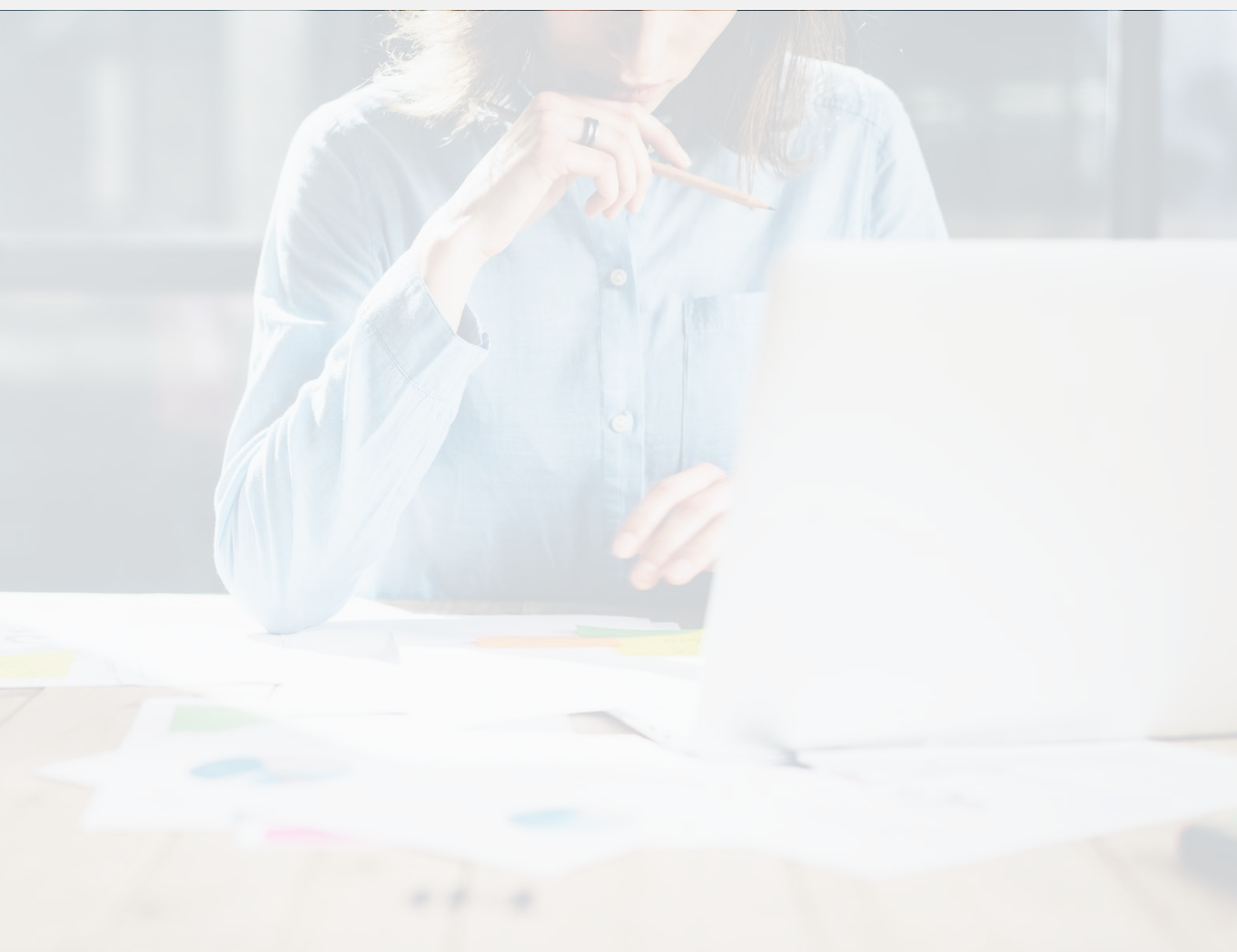
<u>Sources included</u>	
Australian Public Affairs	Centre for Social Impact
Information Source (APAIS)	Australian Productivity
World Wide Web	Commission, and state
Organisation for Economic	equivalents
Cooperation and Development	Office of Best Practice
(OECD)	Regulation, and state equivalents
European Commission (EC)	Social Enterprise Development
The World Bank	and Investment Funds
The Grattan Institute	UK Government
	Canadian Social Enterprise Guide

Country based analysis

The analysis of country based initiatives for this Report has focused on Scotland, the United States, the United Kingdom, Canada, Hong Kong and New Zealand. Social enterprise initiatives were identified initially through either government publications or reputable international publications on the extent of the social enterprise sector in the country. This was then used to help determine some of the key initiatives that had been undertaken.

Key search terms also focused on the key questions identified in the program logic that was supplied as part of the Project Plan.

C: Regional Profiles

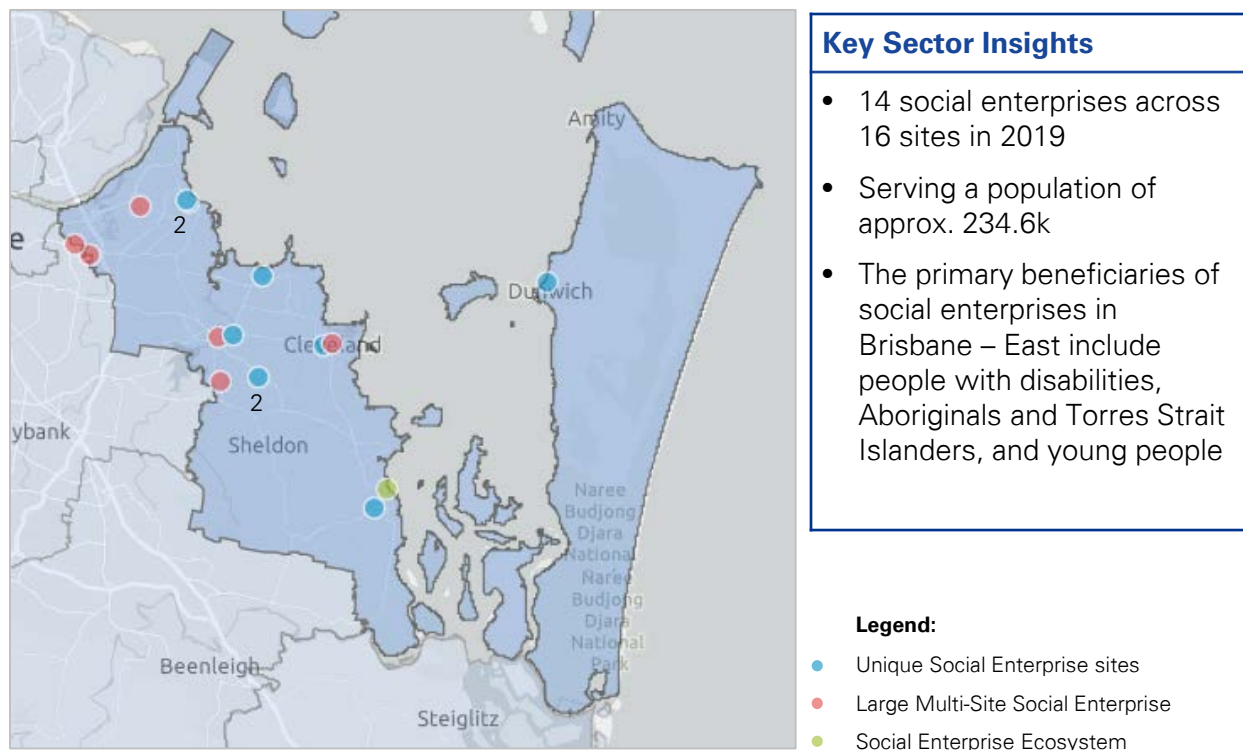


Regional Profiles: Brisbane - East

There are a total of 14 unique social enterprises and ecosystem organisations across 16 site locations in Brisbane – East. The locations of these sites have been indicated in the figure below where the majority of sites identified to trend towards Brisbane Inner City.

Of the total enterprise sites for Brisbane – East, 56.3% are small social enterprises, 37.5% are multi-site social enterprises, and 6.3% categorised as part of the social enterprise Ecosystem.

Figure B.1: Social enterprise site locations in Brisbane - East



Note: a number indicates where there exists more than one enterprise within the same location (e.g. street or building site).

Source: KPMG 2019

Figure B.2: Social enterprise sites in Brisbane - East

Number of Social Enterprise Sites	Total Social Enterprise Site Locations	Small Social Enterprises (1-2)	Large Multi-Site Social Enterprises (> 3)	Social Enterprise Ecosystem
Number of sites	16	9	4	1
Percentage of total sites		56.3%	37.5%	6.3%

Source: KPMG, 2019

Regional Profiles: Brisbane – East

The figures below describe the industry profiles, legal structures and operating length of the social enterprises identified in the region of Brisbane – East.

Figure B.3: Legal structure (n=14)

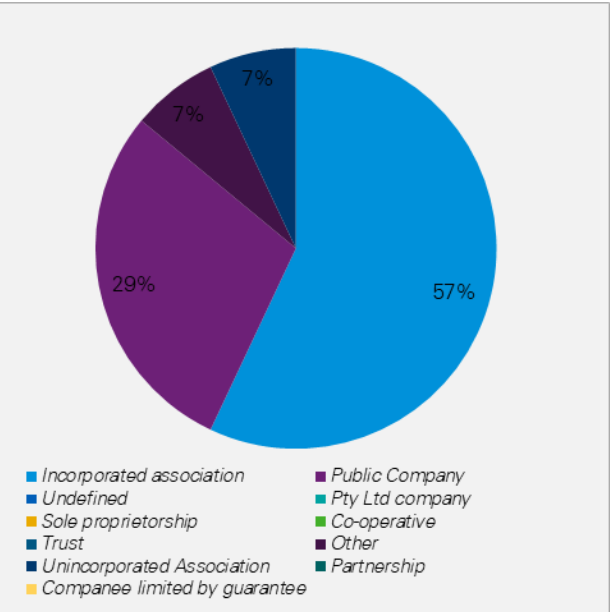


Figure B.4: Industry profiles (n=14)

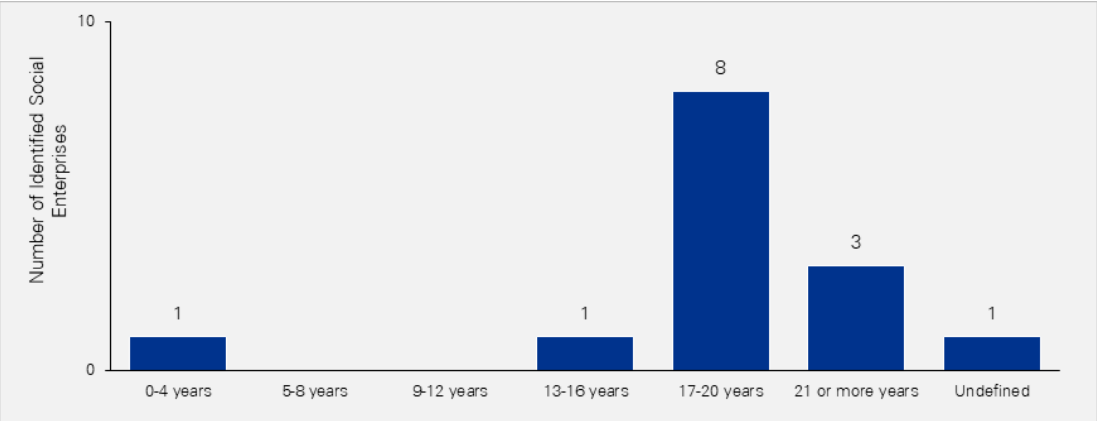
Industry Profiles	Count
Accommodation & Food Services	2
Administrative & Support Services	3
Education & Training	1
Health Care & Social Assistance	6
Arts & Recreation Services	2
Total	14

Source: KPMG 2019

Source: KPMG 2019

Of the unique social enterprises in the Brisbane – East region, the majority (57%) are an incorporated association and 29% are a public company. As shown in Figure B.3, the minority are composed of other (7%) and unincorporated association (7%). Brisbane – East is less diverse in terms of legal structures of social enterprises in comparison to the overall Queensland state of play. The industry profiles of social enterprises in Brisbane – East are diverse, with 14 unique social enterprises covering 5 industry classifications. The highest number within the region are in Health Care & Social assistance as shown in Figure B.4. The majority of social enterprises within the Brisbane – East region have been in operation for over 17 years, with only 1 established within the last 4 years.

Figure B.5 Length of operation (n=14)



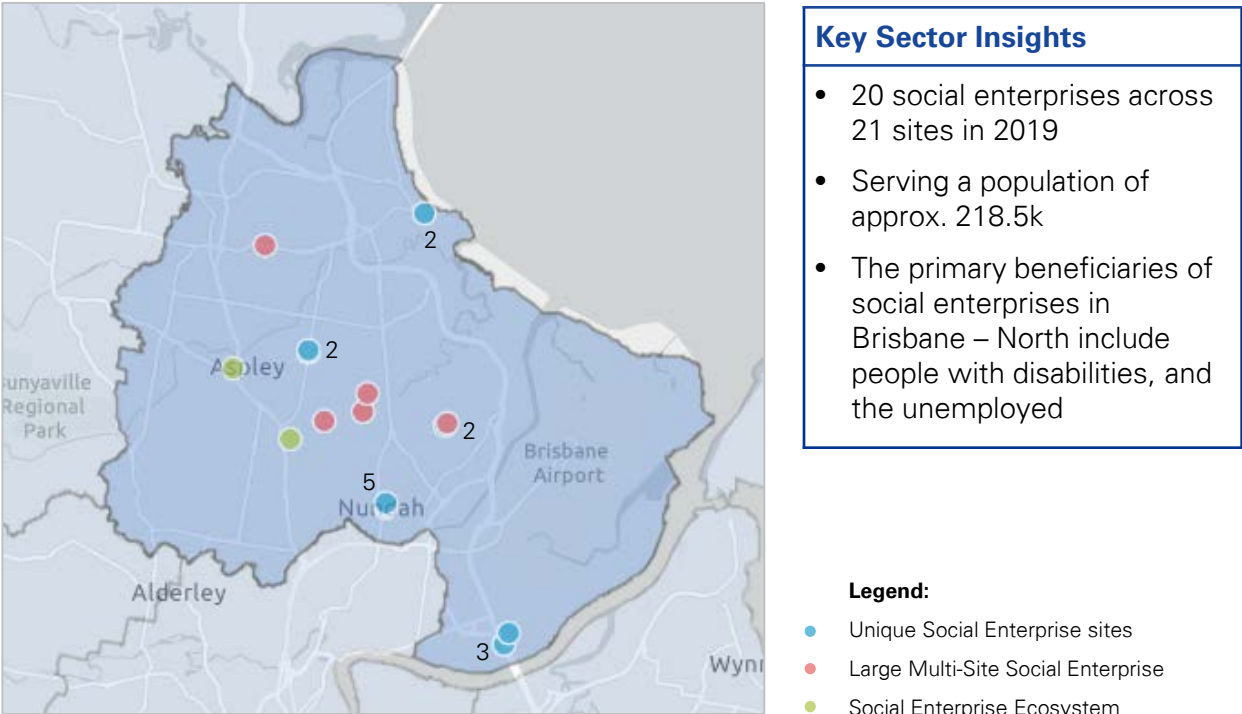
Source: KPMG 2019

Regional Profiles: Brisbane – North

There are a total of 20 unique social enterprises and ecosystem organisations across 21 site locations in the Brisbane – North region. The locations of these sites have been indicated in the figure below and are widely distributed across the region.

Of the total enterprise sites for Brisbane – North, 61.9% are small social enterprises, 28.6% are multi-site social enterprises, and 9.5% have been categorised as part of the Social Enterprise Ecosystem.

Figure B.6: Social enterprise site locations in Brisbane - North



Note: a number indicates where there exists more than one enterprise within the same location (e.g. street or building site).

Source: KPMG 2019

Figure B.7: Social enterprise sites in Brisbane - North

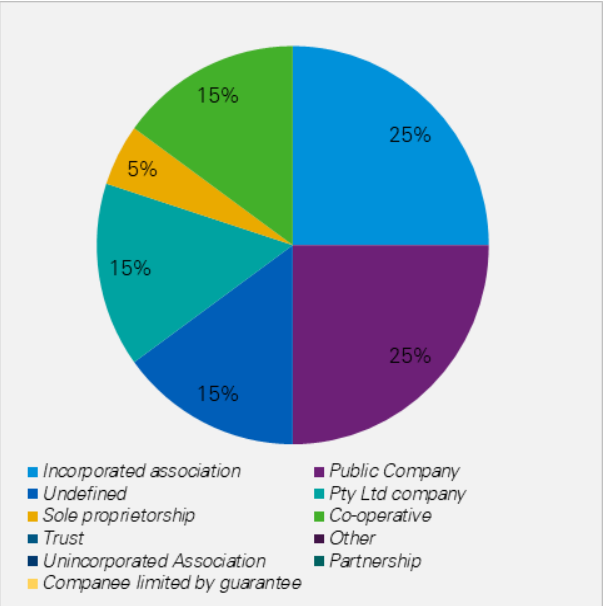
Number of Social Enterprise Sites	Total Social Enterprise Site Locations	Small Social Enterprises (1-2)	Large Multi-Site Social Enterprises (> 3)	Social Enterprise Ecosystem
Number of sites	21	13	5	2
Percentage of total sites	-	61.9%	28.6%	9.5%

Source: KPMG 2019

Regional Profiles: Brisbane – North

The figures below describe the industry profiles, legal structures and operating length of the social enterprises identified in the region of Brisbane – North.

Figure B.8: Legal structure (n=20)



Source: KPMG 2019

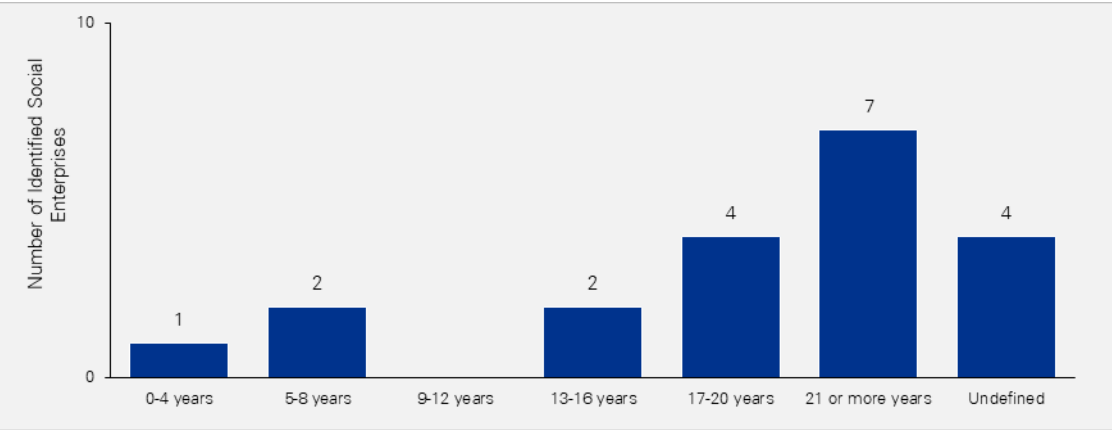
Figure B.9: Industry profiles (n=20)

Industry Profiles	Count
Manufacturing	1
Accommodation & Food Services	3
Rental, Hiring & Real Estate Services	1
Professional, Scientific & Technical Services	1
Administrative & Support Services	4
Health Care & Social Assistance	8
Other Services	1
Electricity, Gas, Water & Waste Services	1
Total	20

Source: KPMG 2019

Similar to the Queensland profile of legal structure, the social enterprises within the Brisbane – North region have diversity in their legal structure, but are more likely to be public companies or incorporated associations. This is shown in Figure B.8. The industry profiles of social enterprises in Brisbane – North are diverse, with 20 unique social enterprises covering 8 industry classifications. The highest number within the region are in Health Care & Social Assistance followed by Administrative & Support Services, as shown in Figure B.9. Within the Brisbane – North region, the majority of social enterprises have been in operation for over 13 years, with only 3 established within the last 8 years.

Figure B.10: Length of operation (n=20)



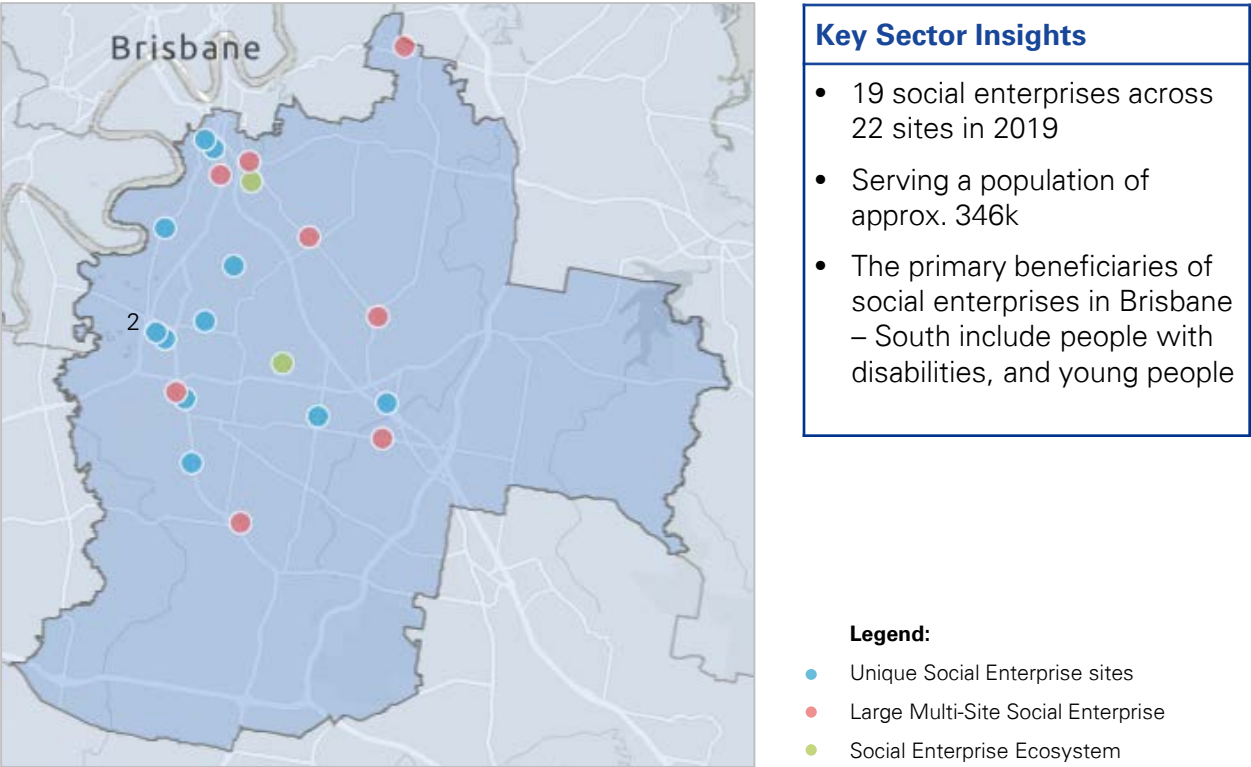
Source: KPMG 2019

Regional Profiles: Brisbane – South

There are a total of 19 unique social enterprises and ecosystem organisations across 22 site locations in Brisbane – South. The locations of these sites have been indicated in the figure below and, although trending towards Brisbane Inner City, are widely distributed throughout the region.

Of the total enterprise sites for Brisbane – South, 50.0% are small social enterprises, 40.9% are multi-site social enterprises, and 9.1% have been categorised as part of the Social Enterprise Ecosystem.

Figure B.11: Social enterprise site locations in Brisbane - South



Note: a number indicates where there exists more than one enterprise within the same location (e.g. street or building site).

Source: KPMG 2019

Figure B.12: Social enterprise sites in Brisbane - South

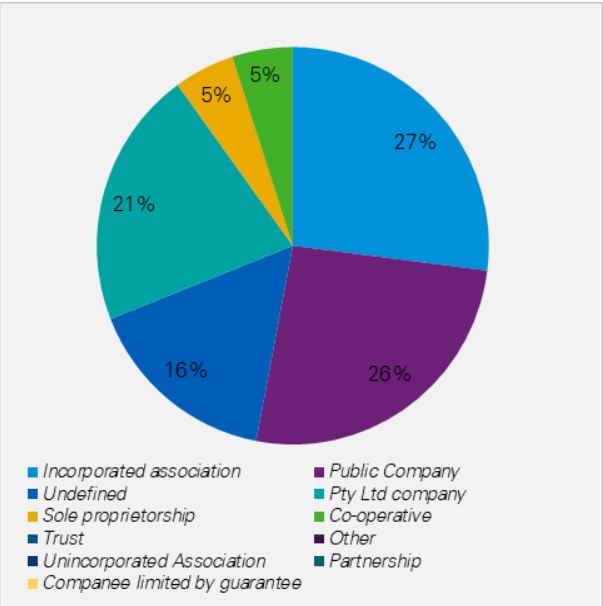
Number of Social Enterprise Sites	Total Social Enterprise Site Locations	Small Social Enterprises (1-2)	Large Multi-Site Social Enterprises (> 3)	Social Enterprise Ecosystem
Number of sites	22	11	6	2
Percentage of total sites	-	50.0%	40.9%	9.1%

Source: KPMG 2019

Regional Profiles: Brisbane – South

The figures below describe the industry profiles, legal structures and operating length of the social enterprises identified in the region of Brisbane – South.

Figure B.13: Legal structure (n=19)



Source: KPMG 2019

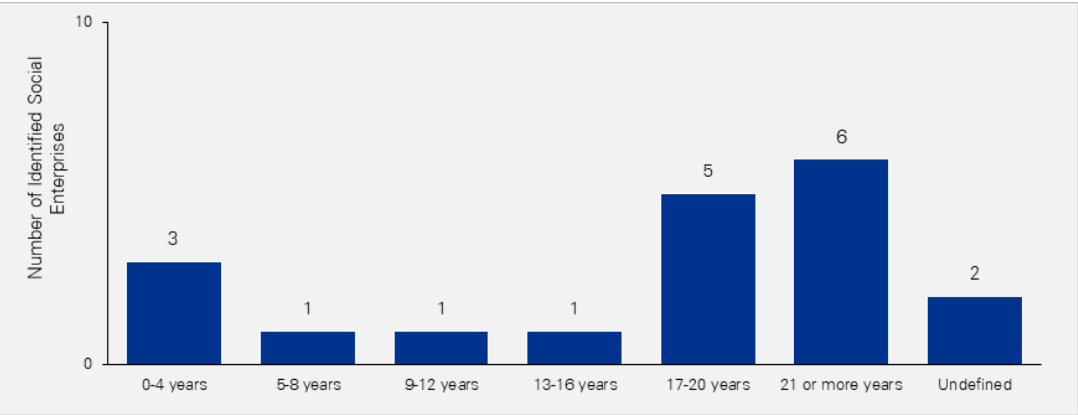
Figure B.14: Industry profiles (n=19)

Industry Profiles	Count
Wholesale Trade	1
Financial & Insurance Services	1
Administrative & Support Services	6
Education & Training	3
Health Care & Social Assistance	4
Arts & Recreation Services	4
Total	19

Source: KPMG 2019

While the social enterprises within the Brisbane – South region have diversity in their legal structure, they are significantly more likely to be incorporated associations (27%) compared with the Queensland average (20%). This is shown in Figure B.13. The industry profiles of social enterprises in Brisbane – South are reasonably diverse, with 19 unique social enterprises covering 6 industry classifications. The highest number within the region are in Administrative & Support Services as shown in Figure B.14. The focus on Arts & Recreation Services in the region (25%) is much higher than the Queensland average (13.0%). Within the Brisbane – South region, the majority of social enterprises have been in operation for over 13 years, with only 5 (or 26%) established within the last 12 years.

Figure B.15: Length of operation (n=19)



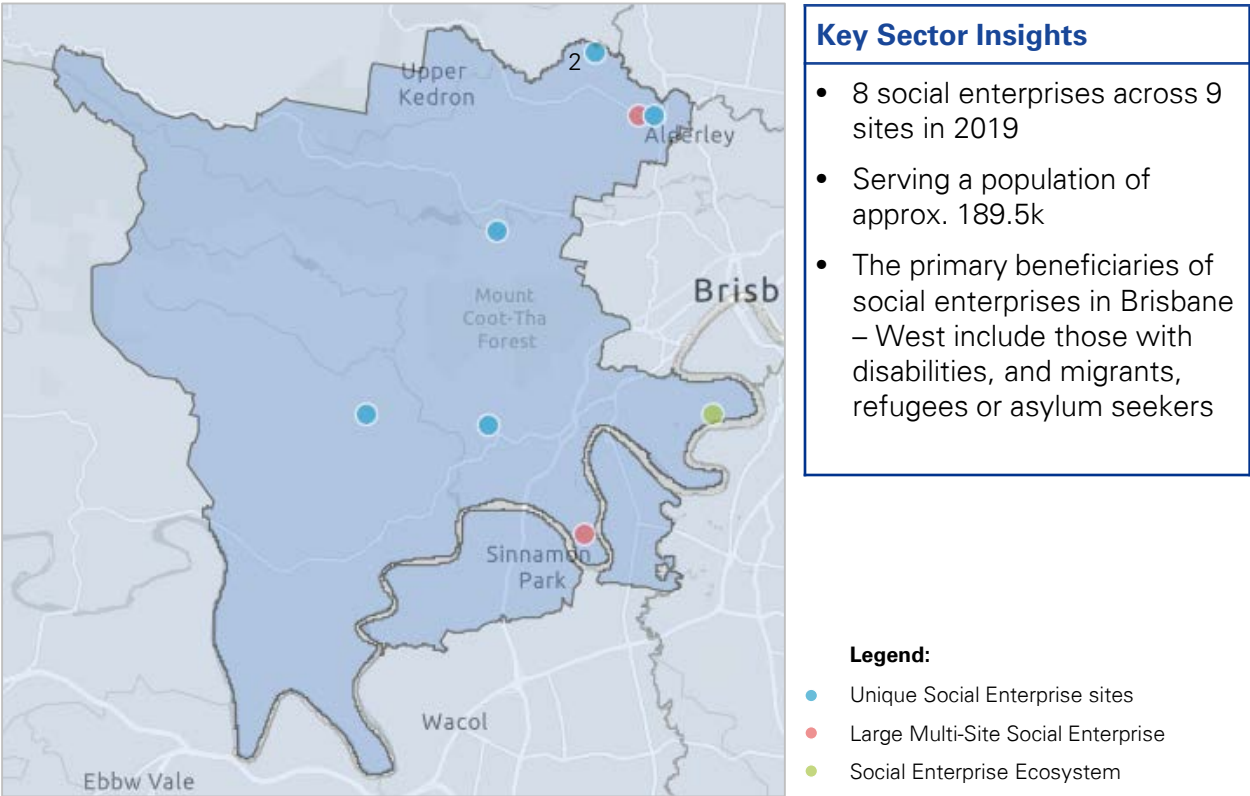
Source: KPMG 2019

Regional Profiles: Brisbane - West

There are a total of 8 unique social enterprises and ecosystem organisations across 9 site locations in Brisbane – West. The locations of these sites have been indicated in the figure below, where it can be observed that the social enterprise sites trend towards the eastern side of the region.

Of the total enterprise sites for Brisbane – West, 55.6% are small social enterprises, 33.3% are multi-site social enterprises, and 11.1% categorised as part of the Social Enterprise Ecosystem.

Figure B.16: Social enterprise site locations in Brisbane - West



Note: a number indicates where there exists more than one enterprise within the same location (e.g. street or building site).

Source: KPMG 2019

Figure B.17: Social enterprise sites in Brisbane - West

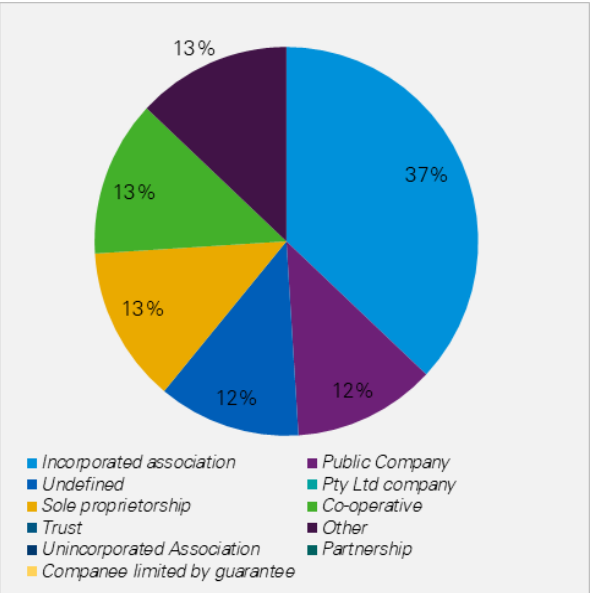
Number of Social Enterprise Sites	Total Social Enterprise Site Locations	Small Social Enterprises (1-2)	Large Multi-Site Social Enterprises (> 3)	Social Enterprise Ecosystem
Number of sites	9	5	2	1
Percentage of total sites	-	55.6%	33.3%	11.1%

Source: KPMG 2019

Regional Profiles: Brisbane – West

The figures below describe the industry profiles, legal structures and operating length of the social enterprises identified in the region of Brisbane – West.

Figure B.18: Legal structure (n=8)



Source: KPMG 2019

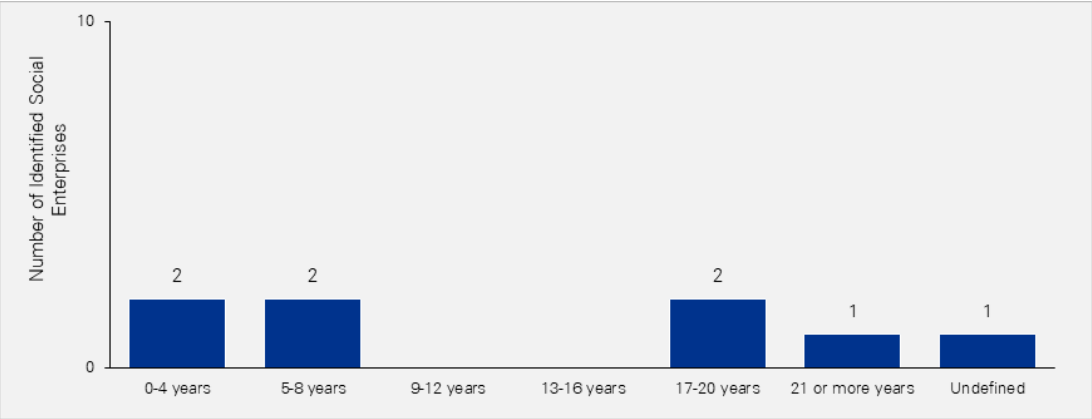
Figure B.19: Industry profiles (n=8)

Industry Profiles	Count
Retail Trade	2
Information Media & Telecommunications	1
Administrative & Support Services	2
Education & Training	1
Health Care & Social Assistance	2
Total	8

Source: KPMG 2019

While the social enterprises within the Brisbane – West region have diversity in their legal structure, they are more than twice as likely to be established as a co-operative (13%) than the Queensland average (5%). This is shown in Figure B.18. The industry profiles of social enterprises in Brisbane – West cover five industry classifications. While the industry focus on Retail Trade, Administrative & Support Services, and Health Care & Social Assistance is consistent with the Queensland average, Brisbane – West also includes one of the only social enterprises in the Information, Media and Telecommunications industry. Within the Brisbane – West region, the majority of social enterprises have been in operation for less than 8 years (four of the seven). This is shown in Figure B.20.

Figure B.20: Length of operation (n=8)



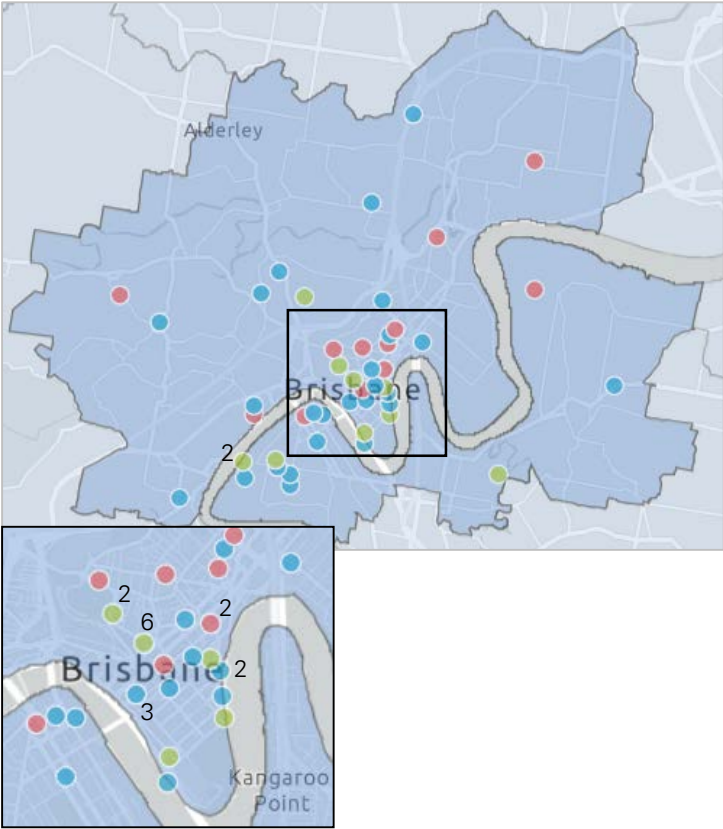
Source: KPMG 2019

Regional Profiles: Brisbane Inner City

There are a total of 53 unique social enterprises and ecosystem organisations across 57 site locations in Brisbane Inner City. The locations of these sites have been indicated in the figure below, and are widely spread across the region with a concentrated mass in the Brisbane city centre. There is a large number of social enterprise sites within this region. This region has the highest number of identified social enterprises and social enterprise ecosystem across the State.

Of the total enterprise sites for Brisbane Inner City, 50.9% are small social enterprises, 22.8% are multi-site social enterprises, and 26.3% have been categorised as part of the Social Enterprise Ecosystem. Of particular note is the large number of unique social enterprises sites compared to the multi-site social enterprise locations.

Figure B.21: Social enterprise site locations in Brisbane Inner City



Key Sector Insights

- 53 social enterprises across 57 sites in 2019
- Serving a population of approx. 189.5k
- The primary beneficiaries of social enterprises in Brisbane – Inner City include other organisations, those with disabilities, young people and the unemployed

Legend:

- Unique Social Enterprise sites
- Large Multi-Site Social Enterprise
- Social Enterprise Ecosystem

Note: a number indicates where there exists more than one enterprise within the same location (e.g. street or building site).

Source: KPMG 2019

Figure B.22: Social enterprise sites in Brisbane Inner City

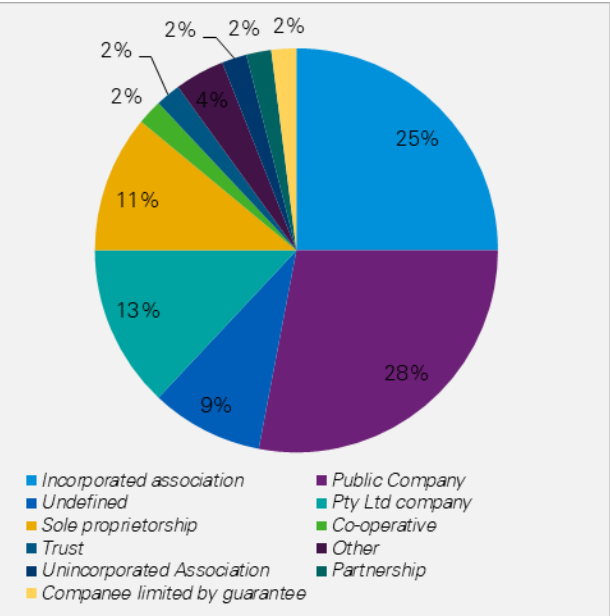
Number of Social Enterprise Sites	Total Social Enterprise Site Locations	Small Social Enterprises (1-2)	Large Multi-Site Social Enterprises (> 3)	Social Enterprise Ecosystem
Number of sites	57	29	9	15
Percentage of total sites	-	50.9%	22.8%	26.3%

Source: KPMG 2019

Regional Profiles: Brisbane Inner City

The figures below describe the industry profiles, legal structures and operating length of the social enterprises identified in the region of Brisbane Inner City.

Figure B.23: Legal structure (n=53)



Source: KPMG 2019

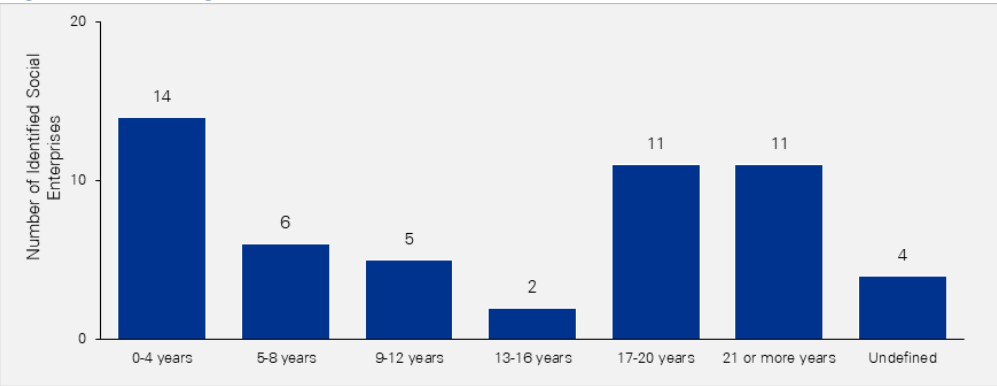
The 53 social enterprises within the Brisbane Inner City region are diverse in their legal structure. The majority are public companies or incorporated associations, consistent with the Queensland average. This is shown in Figure B.23.

The industry profiles of social enterprises in Brisbane Inner City cover 14 industry classifications. The largest numbers are in Administrative & Support Services, Accommodation & Food Services, Health Care & Social Assistance, and Financial & Insurance Services. It also includes the only social enterprise categorised within the Public Administration and Safety industry. Within the Brisbane Inner City region, the majority of social enterprises have been in operation for the last 4 years (14 social enterprises). A large number have been in operation for over 17 years (19 social enterprises), however there is a spread across the length of business operation in the region.

Figure B.24: Industry profiles (n=53)

Industry Profiles	Count
Agriculture, Forestry and Fishing	1
Manufacturing	1
Electricity, Gas, Water & Waste Services	3
Construction	1
Retail Trade	2
Accommodation & Food Services	6
Financial & Insurance Services	5
Rental, Hiring & Real Estate Services	1
Professional, Scientific & Technical Services	4
Administrative & Support Services	13
Public Administration and Safety	1
Education & Training	4
Health Care & Social Assistance	8
Arts & Recreation Services	3
Total	53

Figure B.25: Length of operation (n=53)



Source: KPMG 2019

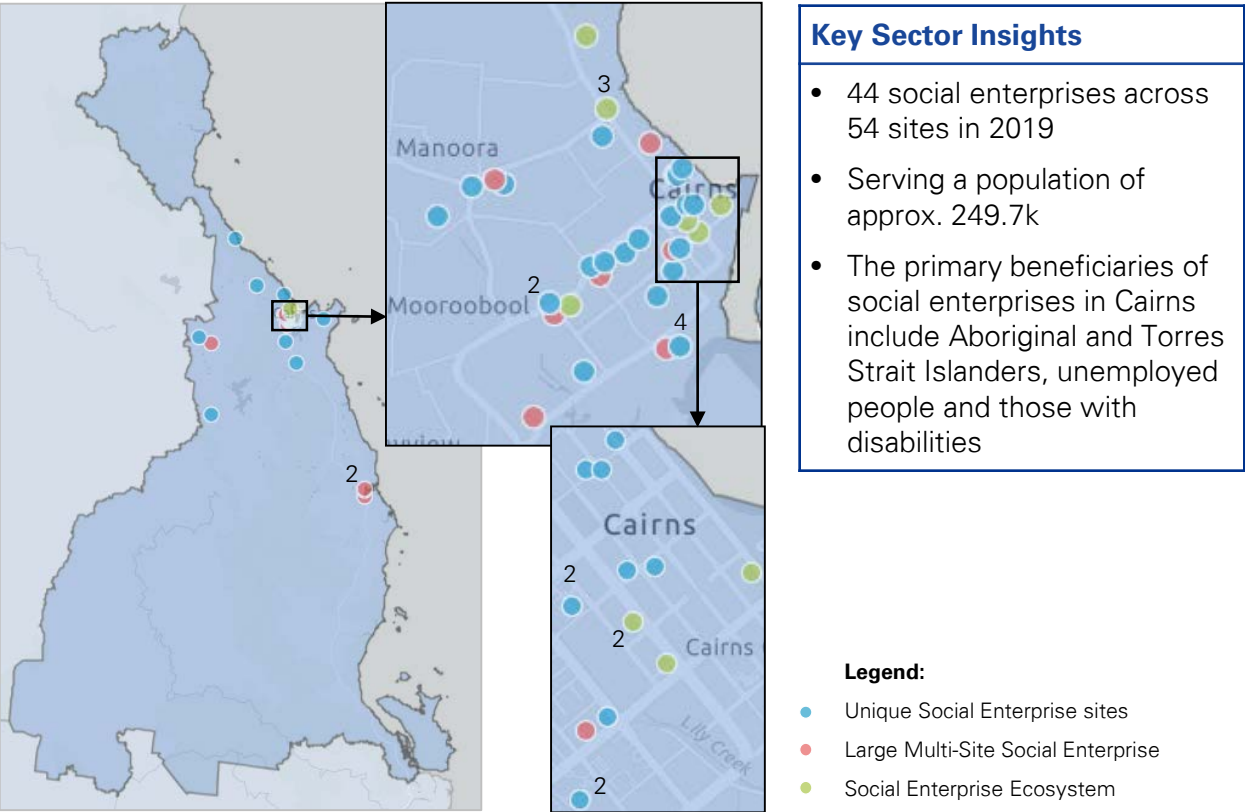


Regional Profiles: Cairns

There are a total of 44 unique social enterprises and ecosystem organisations across 54 site locations in Cairns. The locations of these sites have been indicated in the figure below, where it can be noted that a majority of the social enterprise sites are concentrated within and around the city of Cairns. There is a large number of social enterprise sites within this region.

Of the total enterprise sites for Cairns, 61.1% are small social enterprise sites, 22.2% are multi-site social enterprises, and 16.7% have been categorised as part of the Social Enterprise Ecosystem. The unique enterprise sites and ecosystem categorised sites trend towards the city of Cairns, with the multi-site locations spreading out over the wider region.

Figure B.26: Social enterprise site locations in Cairns



Note: a number indicates where there exists more than one enterprise within the same location (e.g. street or building site).

Source: KPMG 2019

Figure B.27: Social enterprise sites in Cairns

Number of Social Enterprise Sites	Total Social Enterprise Site Locations	Small Social Enterprises (1-2)	Large Multi-Site Social Enterprises (> 3)	Social Enterprise Ecosystem
Number of sites	54	33 (27 unique)*	8	9
Percentage of total sites	-	61.1%	22.2%	16.7%

*Note: two unique social enterprises have been identified to work across a number of sites (five and three respectively) within the region of Cairns.

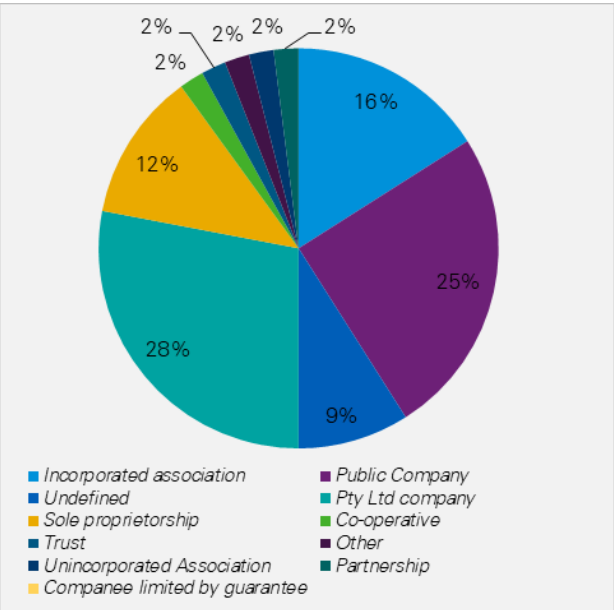
Source: KPMG 2019



Regional Profiles: Cairns

The figures below describe the industry profiles, legal structures and operating length of the social enterprises identified in the region of Cairns.

Figure B.28: Legal structure (n=44)



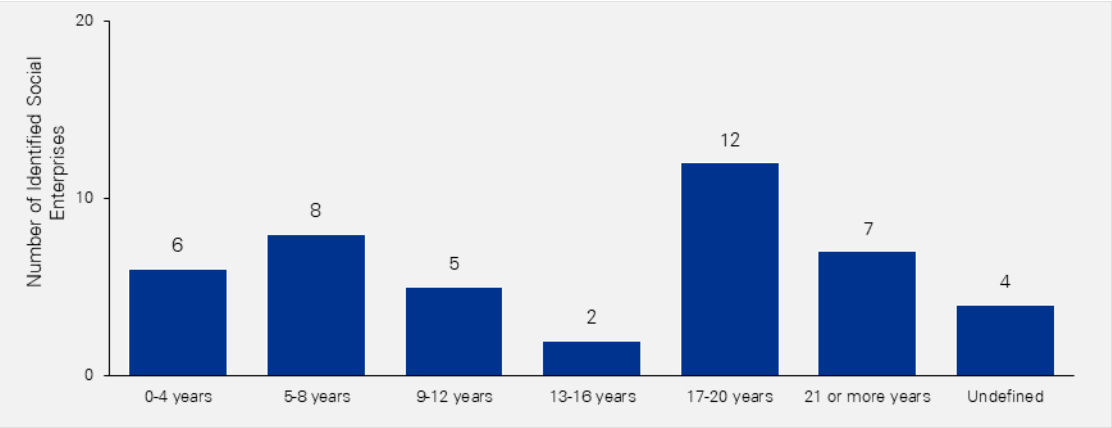
Source: KPMG 2019

Figure B.29: Industry profiles (n=44)

Industry Profiles	Count
Agriculture, Forestry & Fishing	1
Construction	1
Retail Trade	2
Accommodation & Food Services	1
Information Media & Telecommunications	1
Financial and Insurance Services	1
Professional, Scientific & Technical Services	4
Administrative & Support Services	12
Education & Training	6
Health Care & Social Assistance	12
Arts and Recreation Services	1
Other Services	2
Total	44

The 44 social enterprises within the Cairns region have diversity in their legal structure, but have a high proportion which are Pty Ltd (28%) compared with the Queensland average (15%). This is shown in Figure B.28. The industry profiles of social enterprises in Cairns cover 12 industry classifications. The largest numbers are in Health Care & Social Assistance, and Administrative & Support Services. Its Education & Training profile (14%) is significantly higher than the Queensland average (8.4%). Within the Cairns region, around one third of social enterprises have been established within the last 8 years, but the largest proportion have been established for over 17 years (43.2%). This is shown in Figure B.30 below.

Figure B.30: Length of operation (n=44)



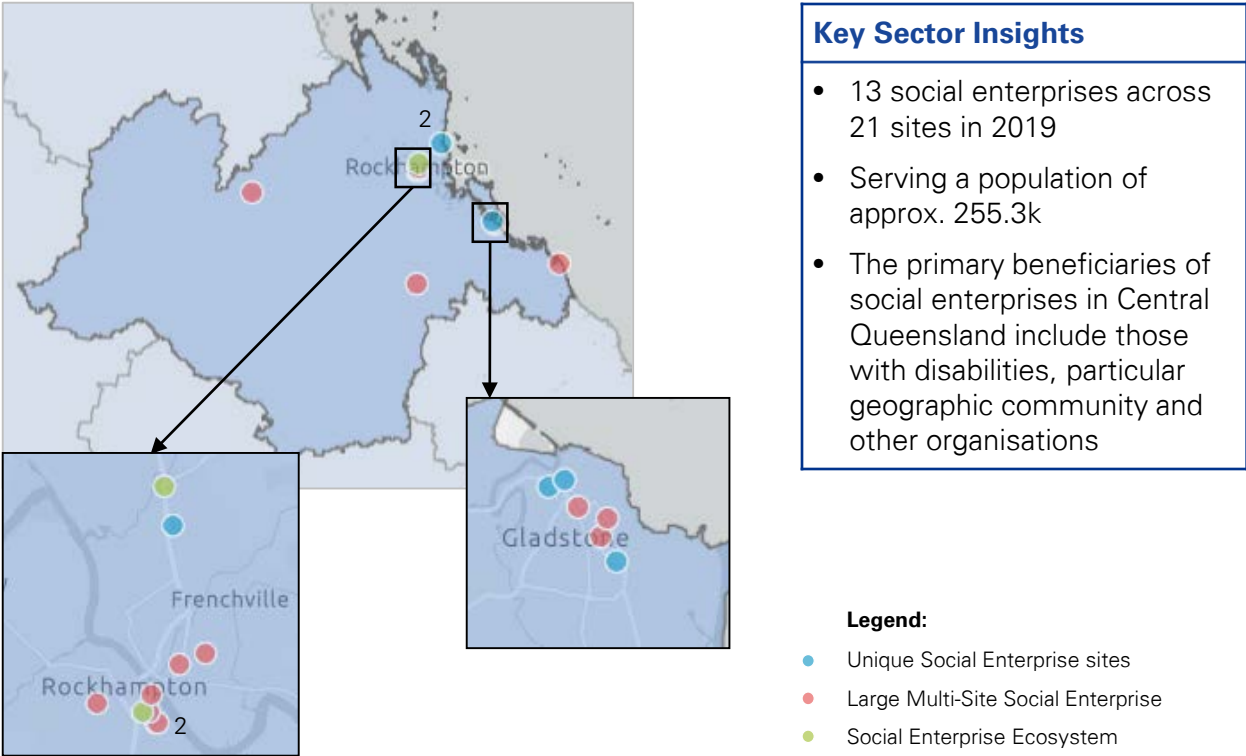
Source: KPMG 2019

Regional Profiles: Central Queensland

There are a total of 13 unique social enterprises and ecosystem organisations across 21 site locations in Central Queensland. The locations of these sites have been indicated in the figure below and can be observed on the eastern side of the region towards the coast. There is a large number of social enterprise sites located within the city region of Rockhampton.

Of the total enterprise sites for Central Queensland, 23.8% are small social enterprises, 66.7% are multi-site social enterprises, and 9.5% have been categorised as part of the Social Enterprise Ecosystem. The unique and ecosystem social enterprise sites trend towards the city of Rockhampton, with the multi-site locations spreading out over the wider region.

Figure B.31: Social enterprise site locations in Central Queensland



Source: KPMG 2019

Figure B.32: Social enterprise sites in Central Queensland

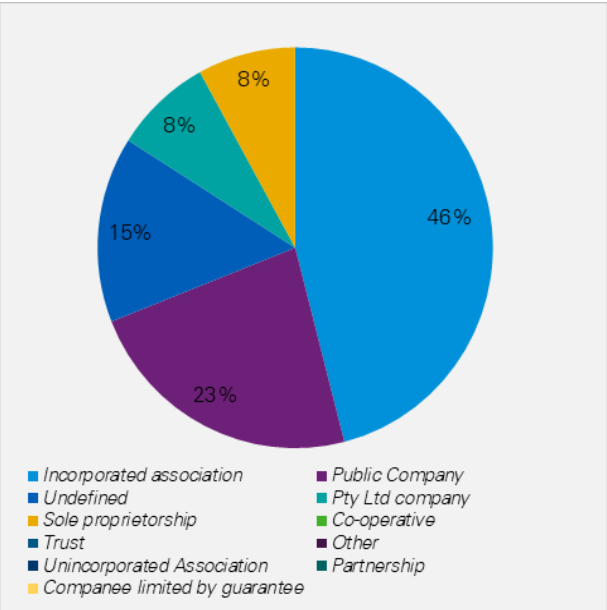
Number of Social Enterprise Sites	Total Social Enterprise Site Locations	Small Social Enterprises (1-2)	Large Multi-Site Social Enterprises (> 3)	Social Enterprise Ecosystem
Number of sites	21	5	6	2
Percentage of total sites	-	23.8%	66.7%	9.5%

Source: KPMG 2019

Regional Profiles: Central Queensland

The figures below describe the industry profiles, legal structures and operating length of the social enterprises identified in the region of Central Queensland.

Figure B.33: Legal structure (n=13)



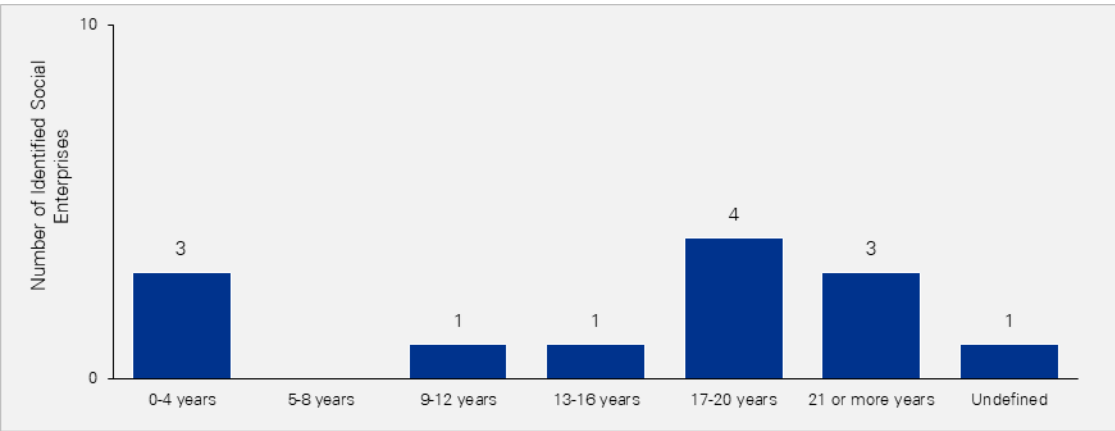
Source: KPMG 2019

The 13 social enterprises within the Central Queensland region have diversity in their legal structure. However, there is a high proportion of incorporated associations (46%) compared with the Queensland average (23%). This is shown in Figure B.33. The industry profiles of social enterprises in Central Queensland cover six industry classifications. The largest numbers are in Health Care & Social Assistance and Administrative & Support Services. Within the Central Queensland region, a majority of social enterprises were established over 17 years ago in comparison to the three social enterprises that have been established within the last 4 years. This is shown in Figure B.35 below.

Figure B.34: Industry profiles (n=13)

Industry Profiles	Count
Electricity, Gas, Water and Waste Services	1
Retail Trade	1
Administrative & Support Services	5
Education and Training	1
Health Care & Social Assistance	4
Other Services	1
Total	13

Source: KPMG 2019



Source: KPMG 2019

Regional Profiles: Darling Downs – Maranoa

There are a total of 6 unique social enterprises and ecosystem organisations across 7 site locations in Darling Downs – Maranoa. The locations of these sites have been indicated in the figure below and are heavily concentrated towards the eastern side of the region.

Of the total enterprise sites for Darling Downs – Maranoa, 28.6% are small social enterprises and 71.4% are multi-site social enterprises with none categorised as part of the Social Enterprise Ecosystem. The lack of ecosystem presence within this region may be an indicator of the reduced number of social enterprises.

Figure B.36: Social enterprise site locations in Darling Downs - Maranoa

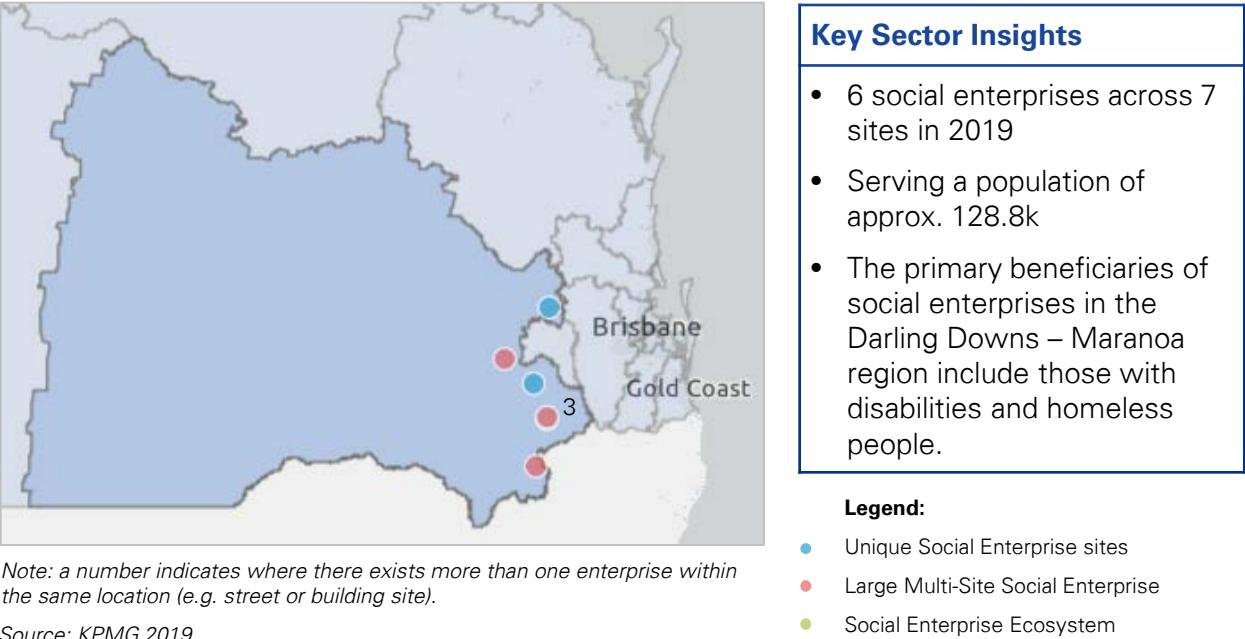


Figure B.37: Social enterprise sites in Darling Downs - Maranoa

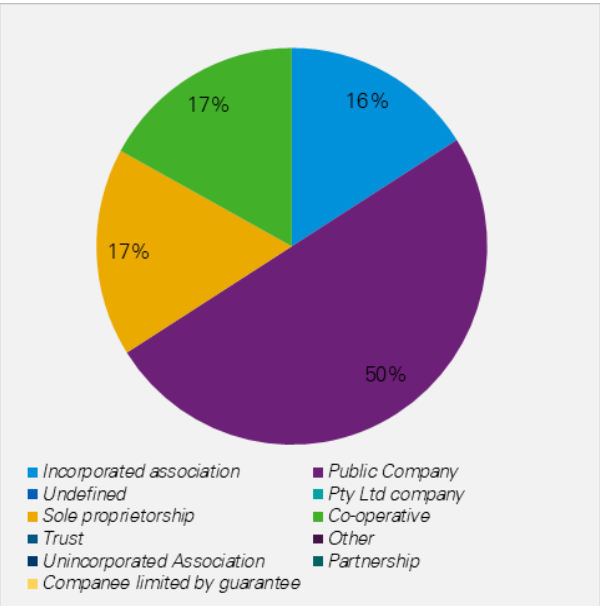
Number of Social Enterprise Sites	Total Social Enterprise Site Locations	Small Social Enterprises (1-2)	Large Multi-Site Social Enterprises (> 3)	Social Enterprise Ecosystem
Number of sites	7	2	4	-
Percentage of total sites	-	28.6%	71.4%	-

Source: KPMG 2019

Regional Profiles: Darling Downs – Maranoa

The figures below describe the industry profiles, legal structures and operating length of the social enterprises identified in the region of Darling Downs – Maranoa.

Figure B.38: Legal structure (n=6)



Source: KPMG 2019

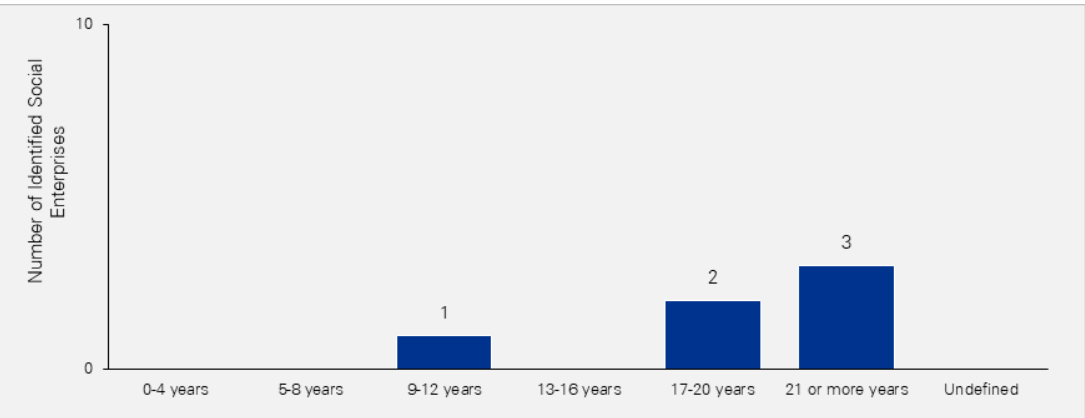
Figure B.39: Industry profiles (n=6)

Industry Profiles	Count
Retail Trade	1
Administrative & Support Services	3
Health Care & Social Assistance	2
Total	6

Source: KPMG 2019

The six social enterprises within the Darling Downs – Maranoa region are most likely to be a public company in their legal structure (50%). Given the small number of social enterprises in the region, further statistically significant analysis is difficult. Nonetheless, the industry profiles of social enterprises in Darling Downs – Maranoa cover four industry classifications. The highest proportion are in the Health Care & Social Assistance and Administrative & Support Services industries. Within the Darling Downs- Maranoa region, 83% have been established for over 17 years. This is shown in Figure B.40 below.

Figure B.40: Length of operation (n=6)



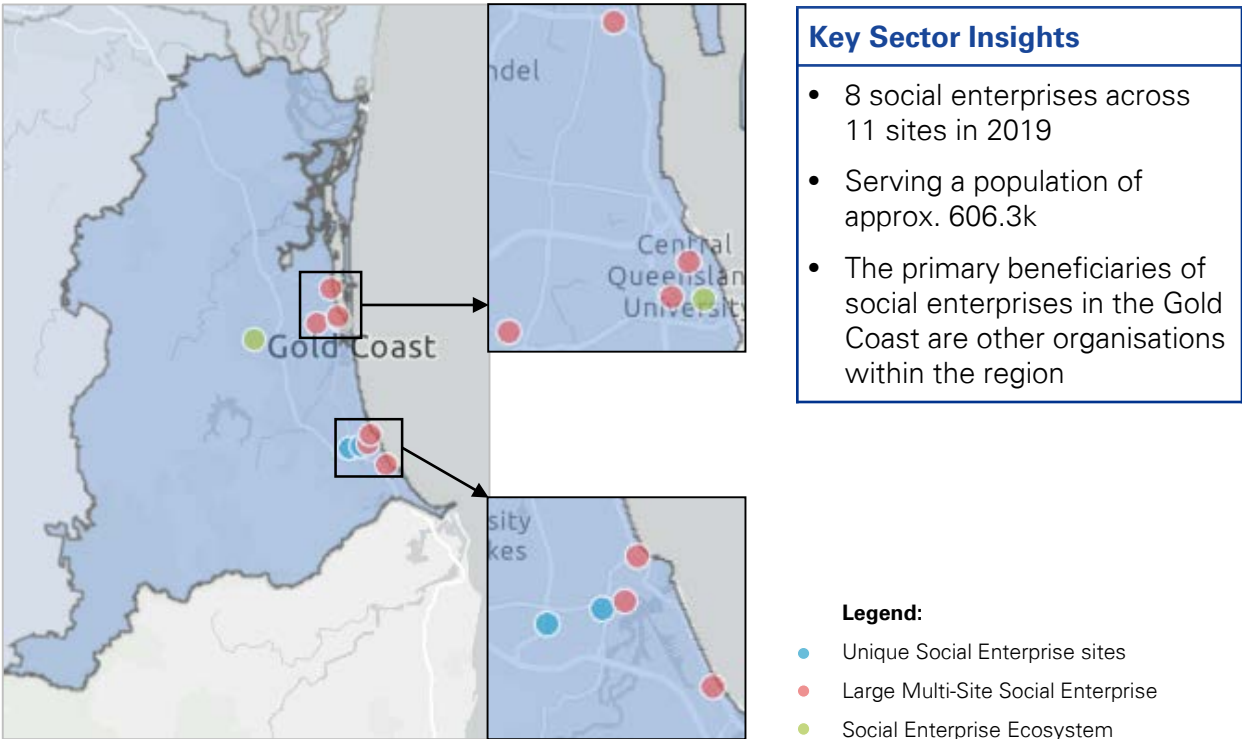
Source: KPMG 2019

Regional Profiles: Gold Coast

There are a total of 8 unique social enterprises and ecosystem organisations across 11 site locations across the Gold Coast region. The locations of these sites have been indicated in the figure below and are concentrated in two distinct regions on the coastal part of the region towards and around the Gold Coast and Coolangatta, respectively.

Of the total enterprise sites across the Gold Coast, 18.2% are small social enterprises, 63.6% are multi-site social enterprises, and 18.2% have been categorised as part of the Social Enterprise Ecosystem.

Figure B.41: Social enterprise site locations in Gold Coast



Note: a number indicates where there exists more than one enterprise within the same location (e.g. street or building site).

Source: KPMG 2019

Figure B.42: Social enterprise sites in Gold Coast

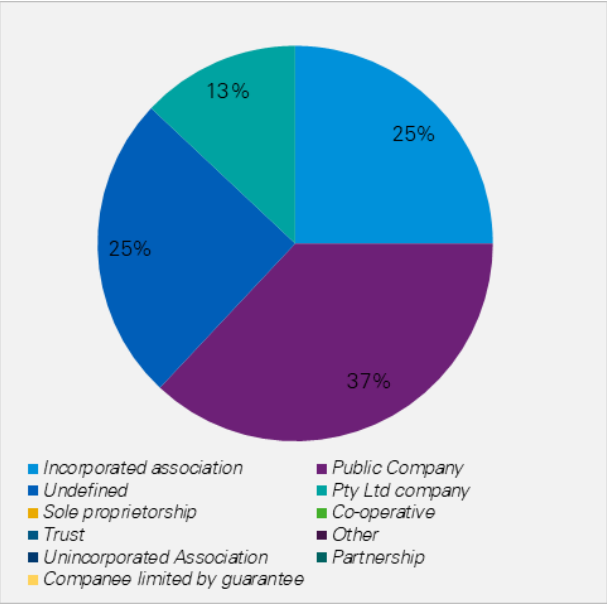
Number of Social Enterprise Sites	Total Social Enterprise Site Locations	Small Social Enterprises (1-2)	Large Multi-Site Social Enterprises (> 3)	Social Enterprise Ecosystem
Number of sites	11	2	4	2
Percentage of total sites	-	18.2%	63.6%	18.2%

Source: KPMG 2019

Regional Profiles: Gold Coast

The figures below describe the industry profiles, legal structures and operating length of the social enterprises identified in the Gold Coast region.

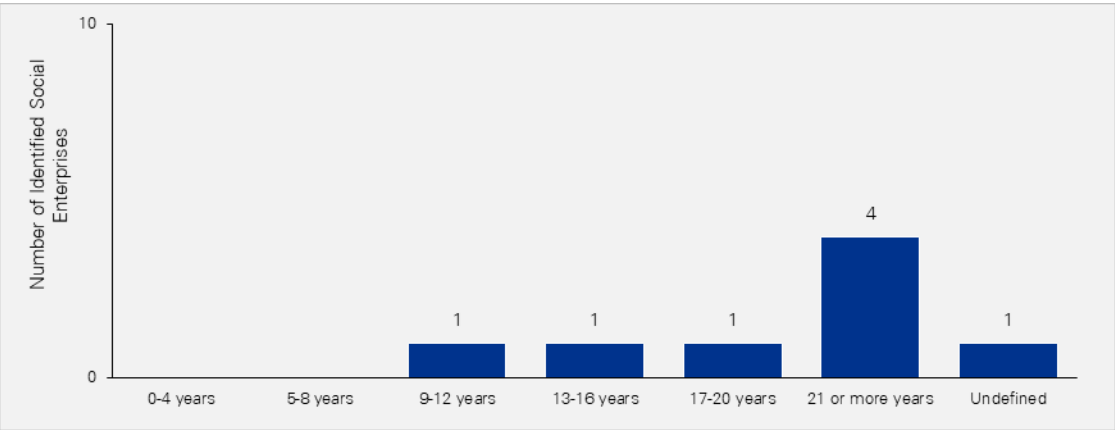
Figure B.43: Legal structure (n=8)



Source: KPMG 2019

The eight social enterprises within the Gold Coast region are most likely to be a public company in their legal structure (37%). Given the small number of social enterprises in the region, further statistically significant analysis is difficult. Nonetheless, the industry profiles of social enterprises in the Gold Coast region cover four industry classifications, which is low in diversity when compared to the whole of Queensland (17 industries). The largest numbers are in Health Care & Social Assistance and Administrative & Support Services industries. Within the Gold Coast region 66% have been established for over 21 years, and none have been established in the last 8 years. This is shown in Figure B.45 below.

Figure B.45: Length of operation (n=8)



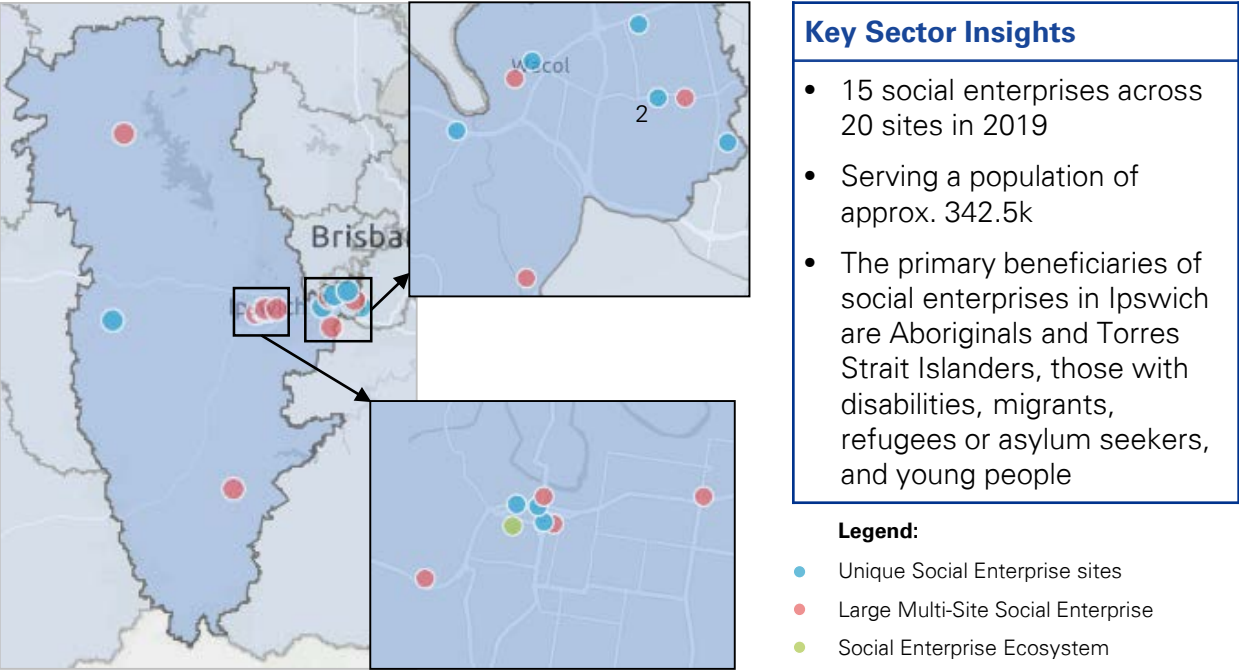
Source: KPMG 2019

Regional Profiles: Ipswich

There are a total of 15 unique social enterprises and ecosystem organisations across 20 site locations in Ipswich. The locations of these sites have been indicated in the figure below and trend towards the eastern boarder of the region as well as a heavy presence within and around the city of Ipswich.

Of the total enterprise sites for Ipswich, 45.0% are small social enterprises, 50.0% are multi-site social enterprises, and 5.0% have been categorised as part of the Social Enterprise Ecosystem. It can be noted that the unique enterprise sites and ecosystem categorised sites trend towards the city of Ipswich and the east, with the multi-site locations spreading out over the wider region of Ipswich.

Figure B.46: Social enterprise site locations in Ipswich



Note: a number indicates where there exists more than one enterprise within the same location (e.g. street or building site).

Source: KPMG 2019

Figure B.47: Social enterprise sites in Ipswich

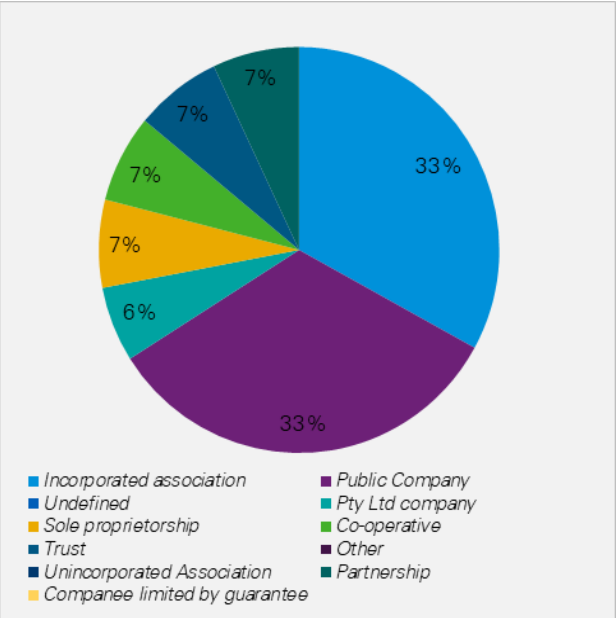
Number of Social Enterprise Sites	Total Social Enterprise Site Locations	Small Social Enterprises (1-2)	Large Multi-Site Social Enterprises (> 3)	Social Enterprise Ecosystem
Number of sites	20	9	5	1
Percentage of total sites	-	45.0%	50.0%	5.0%

Source: KPMG 2019

Regional Profiles: Ipswich

The figures below describe the industry profiles, legal structures and operating length of the social enterprises identified in the region of Ipswich.

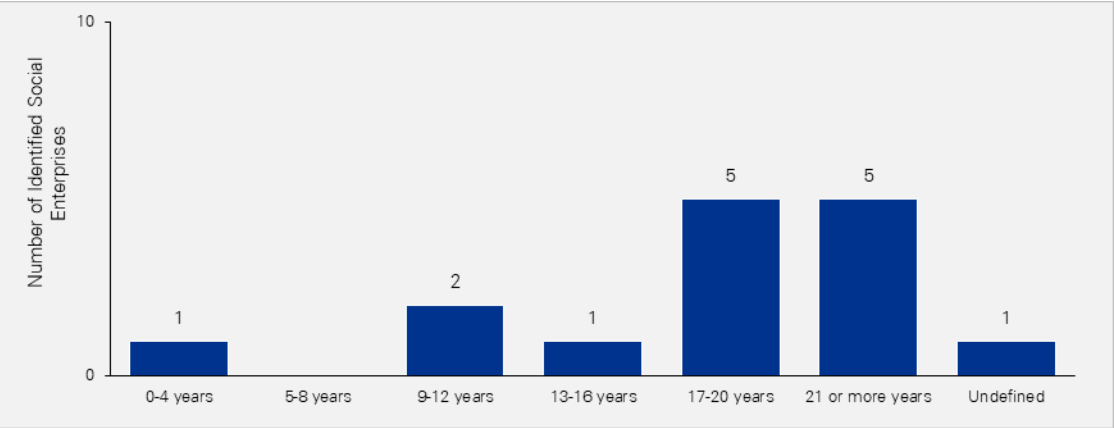
Figure B.48: Legal structure (n=15)



Source: KPMG 2019

There is diversity in the legal structures of social enterprises and their ecosystem in the Ipswich region, with the two largest proportions as public companies (33%) and incorporated associations (33%). This is shown in Figure B.48. The industry profiles of social enterprises in the Ipswich region cover six industry classifications, demonstrating diversity in their focus. The highest proportion are in the Administrative & Support Services and Health Care & Social Assistance industries. Within the Ipswich region, 73% have been established for over 17 years, and only 1 has been established in the last 8 years. This is shown in Figure B.50 below.

Figure B.50: Length of operation (n=15)



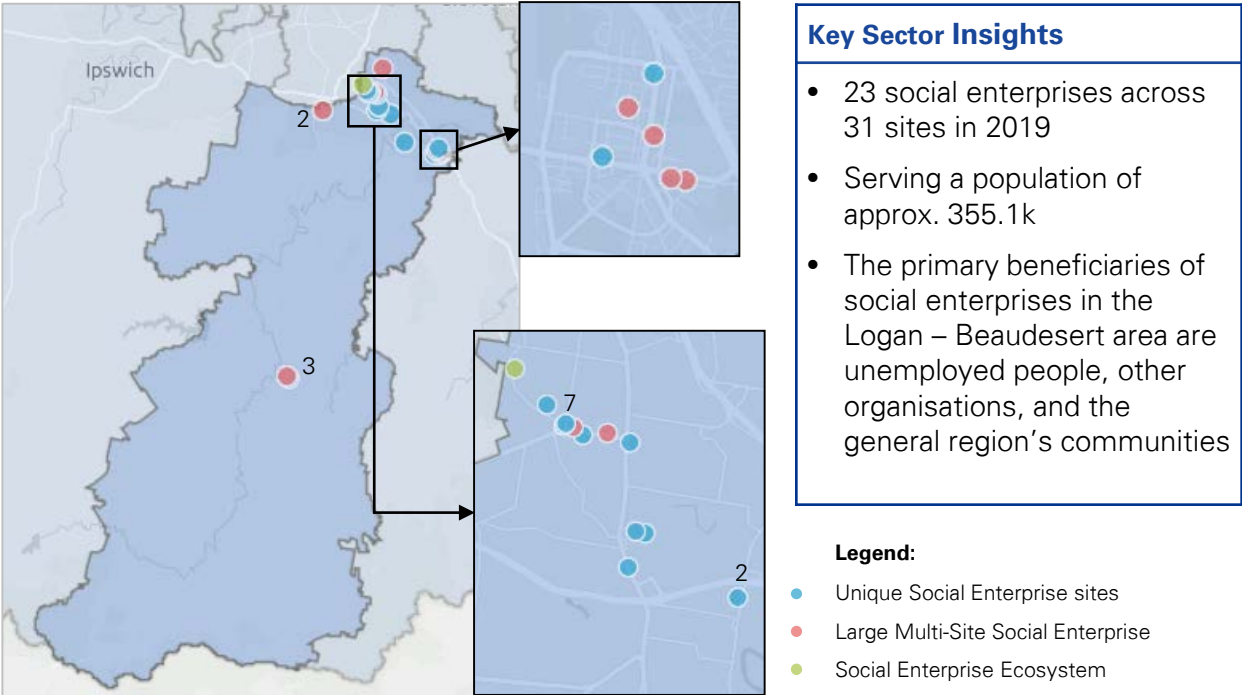
Source: KPMG 2019

Regional Profiles: Logan - Beaudesert

There are a total of 23 unique social enterprises and ecosystem organisations across 31 site locations in Logan – Beaudesert. The locations of these sites have been indicated in the figure below and trend towards the northern area of the region around Logan.

Of the total enterprise sites for Logan – Beaudesert, 51.6% are small social enterprises, 35.3% are multi-site social enterprises, and 12.9% have been categorised as part of the Social Enterprise Ecosystem.

Figure B.51: Social enterprise site locations in Logan - Beaudesert



Source: KPMG 2019

Figure B.52: Social enterprise sites in Logan - Beaudesert

Number of Social Enterprise Sites	Total Social Enterprise Site Locations	Small Social Enterprises (1-2)	Large Multi-Site Social Enterprises (> 3)	Social Enterprise Ecosystem
Number of sites	31	14	5	4
Percentage of total sites	-	51.6%	35.5%	12.9%

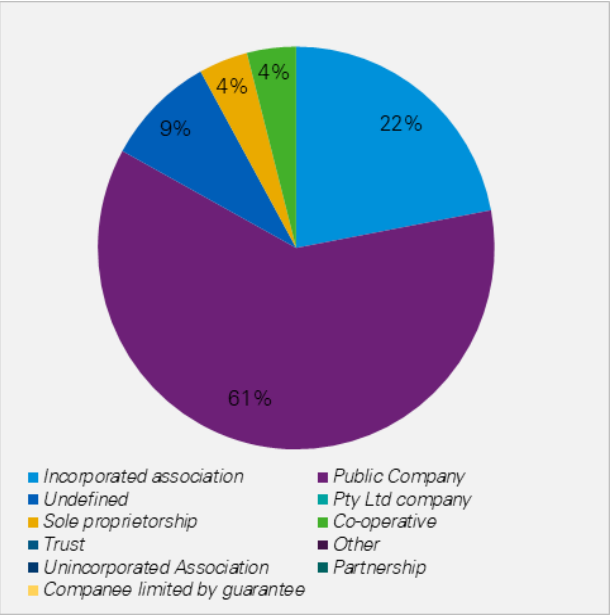
**Note: one unique social enterprises have been identified to work across three sites within the region of Logan - Beaudesert.*

Source: KPMG 2019

Regional Profiles: Logan - Beaudesert

The figures below describe the industry profiles, legal structures and operating length of the social enterprises identified in the region of Logan – Beaudesert.

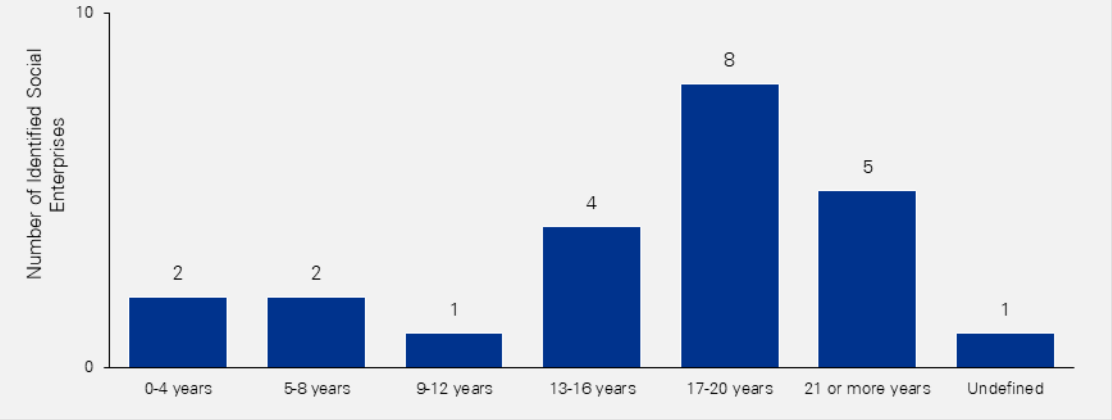
Figure B.53: Legal structure (n=23)



Source: KPMG 2019

While there is some diversity in the legal structures of social enterprises and their ecosystem in the Logan – Beaudesert region, the highest proportion (61%) are public companies, significantly higher than the Queensland average (21%). This is shown in Figure B.53. The industry profiles of social enterprises in the Logan – Beaudesert region cover eight industry classifications, which demonstrates diversity in their focus. The highest proportion are in the Administrative & Support Services industry. Within the Logan – Beaudesert region over half have been established for over 17 years, and only five have been established in the last 12 years. This is shown in Figure B.55 below.

Figure B.55: Length of operation (n=23)



Source: KPMG 2019

Regional Profiles: Mackay

There are a total of 7 unique social enterprises and ecosystem organisations across 9 site locations in Mackay. The locations of these sites have been indicated in the figure below with a trend towards the coastal part of the region and a concentrated number within and near the city of Mackay.

Of the total enterprise sites for Mackay, 33.3% are small social enterprises, 55.6% are multi-site social enterprises, and 11.1% have been categorised as part of the Social Enterprise Ecosystem.

Figure B.56: Social enterprise site locations in Mackay

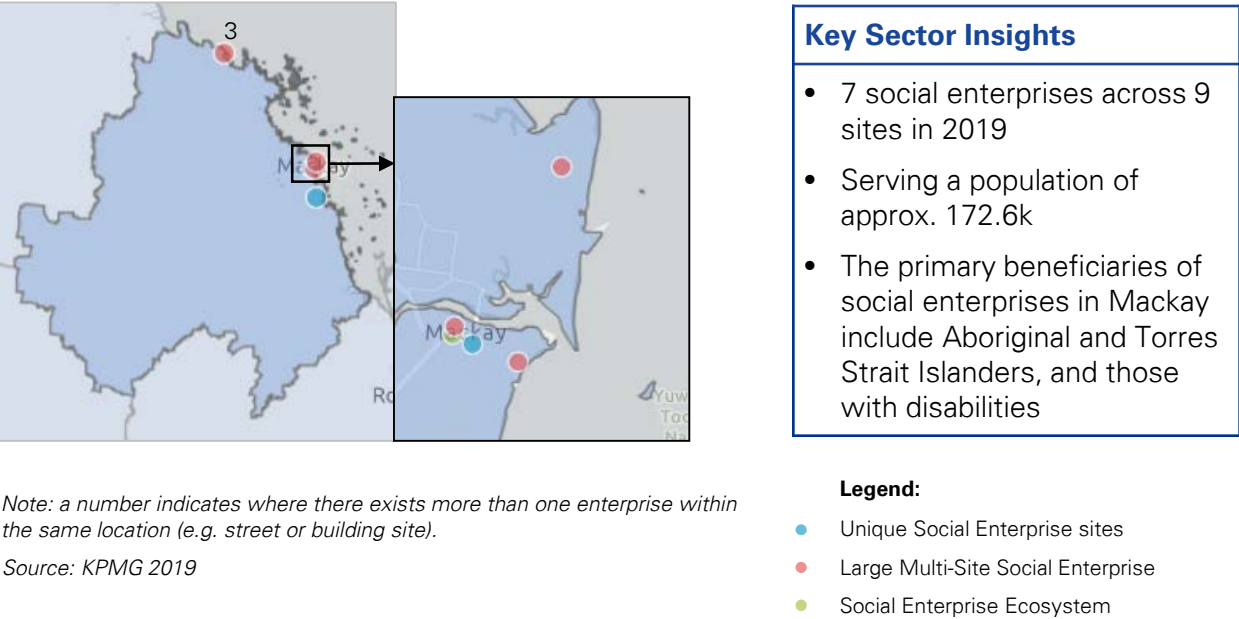


Figure B.57: Social enterprise sites in Mackay

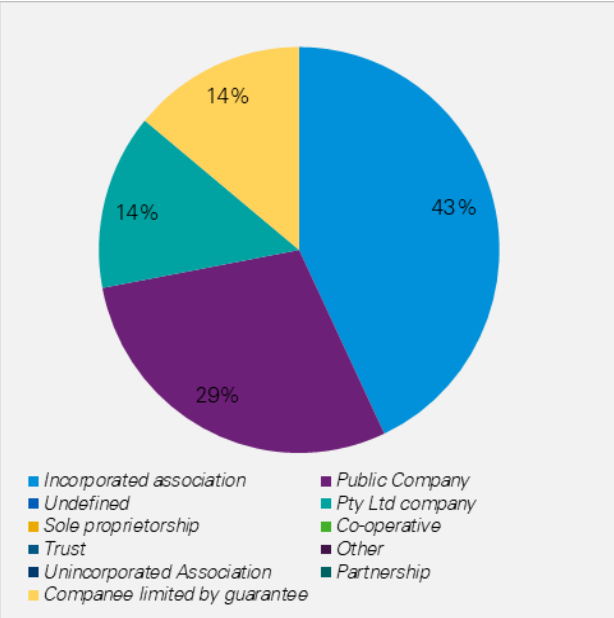
Number of Social Enterprise Sites	Total Social Enterprise Site Locations	Small Social Enterprises (1-2)	Large Multi-Site Social Enterprises (> 3)	Social Enterprise Ecosystem
Number of sites	9	3	3	1
Percentage of total sites	-	33.3%	55.6%	11.1%

Source: KPMG 2019

Regional Profiles: Mackay

The figures below describe the industry profiles, legal structures and operating length of the social enterprises identified in the region of Mackay.

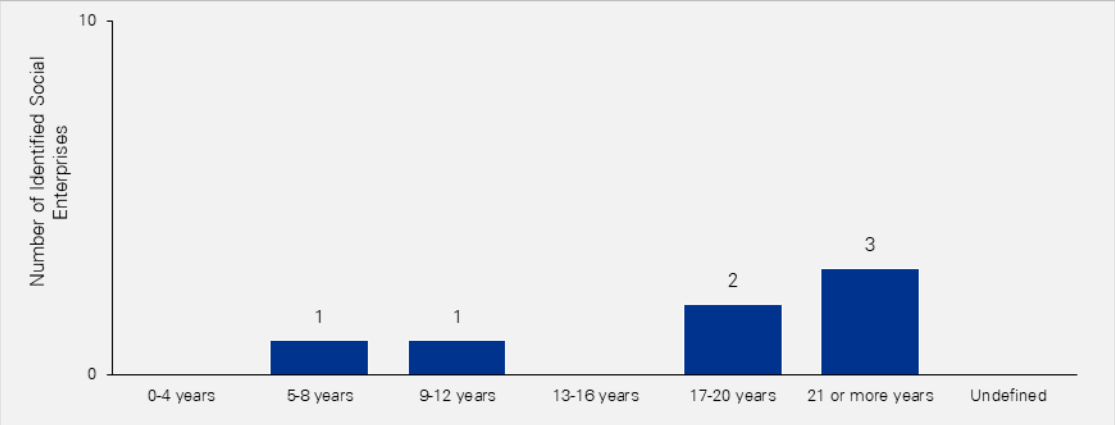
Figure B.58: Legal structure (n=7)



Source: KPMG 2019

While there is some diversity in the legal structures of social enterprises and their ecosystem in the Mackay region, the largest proportion are incorporated associations (43%) and public companies (29%). This is shown in Figure B.58. The industry profiles of social enterprises in the Mackay region are concentrated in the area of Health Care & Social Assistance, with 71% of social enterprises identifying as working in that industry. All others have been categorised as Administrative & Support Services. Within the Mackay region, more than half have been established for over 17 years, and none have been established in the last four years. This is shown in Figure B.60 below.

Figure B.60: Length of operation (n=7)



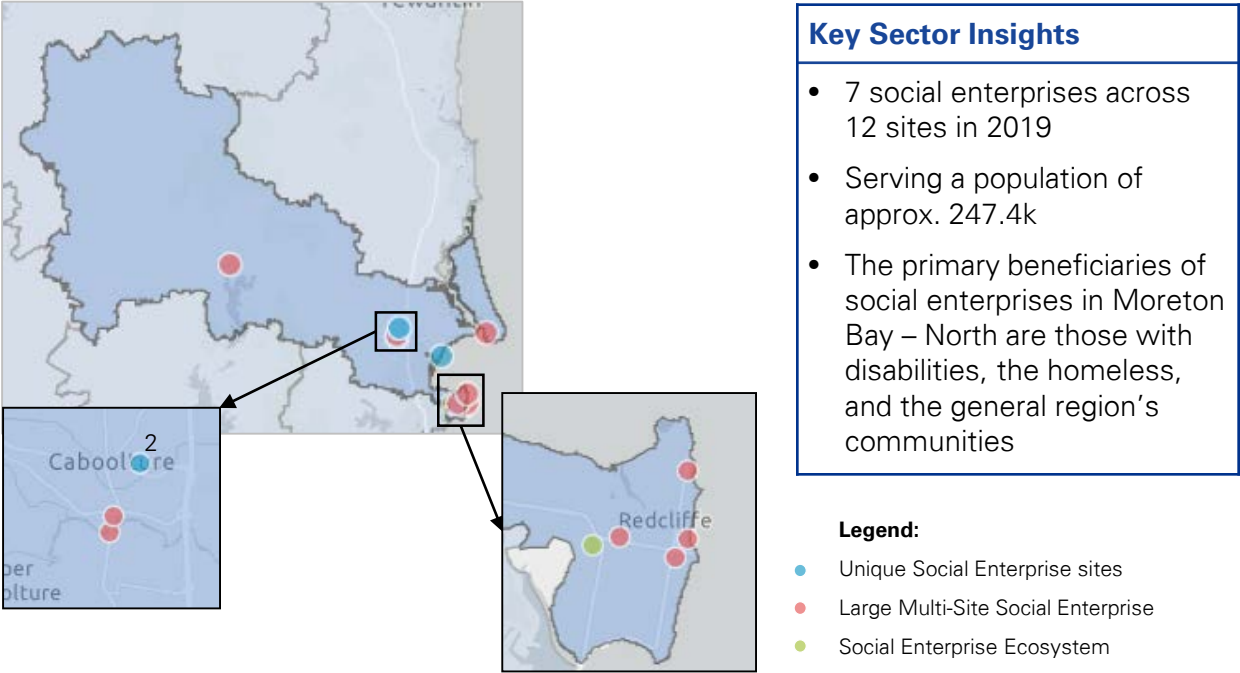
Source: KPMG 2019

Regional Profiles: Moreton Bay - North

There are a total of 7 unique social enterprises and ecosystem organisations across 12 site locations in Moreton Bay – North. The locations of these sites have been indicated in the figure below with a trend towards the eastern area of the region.

Of the total enterprise sites for Moreton Bay – North, 25.0% are small social enterprises, 66.7% are multi-site social enterprises, and 8.3% have been categorised as part of the Social Enterprise Ecosystem. It can be noted that the unique enterprise sites and ecosystem categorised sites trend towards the east, with the multi-site locations spreading out over the wider region of Moreton Bay – North.

Figure B.61: Social enterprise site locations in Moreton Bay - North



Note: a number indicates where there exists more than one enterprise within the same location (e.g. street or building site).

Source: KPMG 2019

Figure B.62: Social enterprise sites in Moreton Bay - North

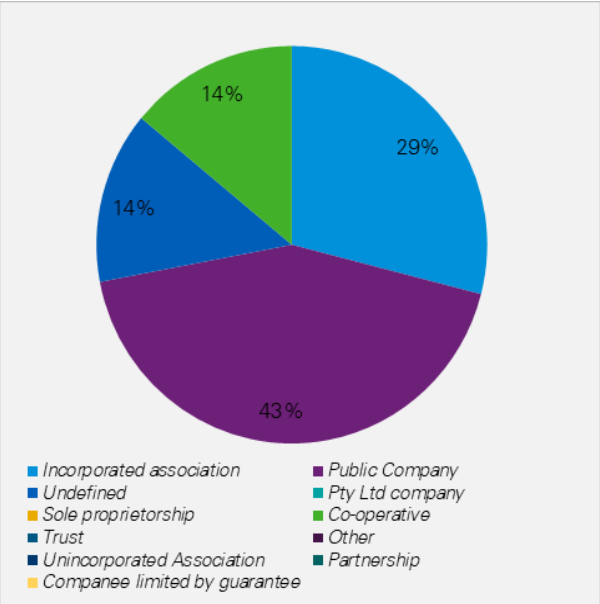
Number of Social Enterprise Sites	Total Social Enterprise Site Locations	Small Social Enterprises (1-2)	Large Multi-Site Social Enterprises (> 3)	Social Enterprise Ecosystem
Number of sites	12	3	3	1
Percentage of total sites	-	25.0%	66.7%	8.3%

Source: KPMG 2019

Regional Profiles: Moreton Bay – North

The figures below describe the industry profiles, legal structures and operating length of the social enterprises identified in the region of Moreton Bay – North.

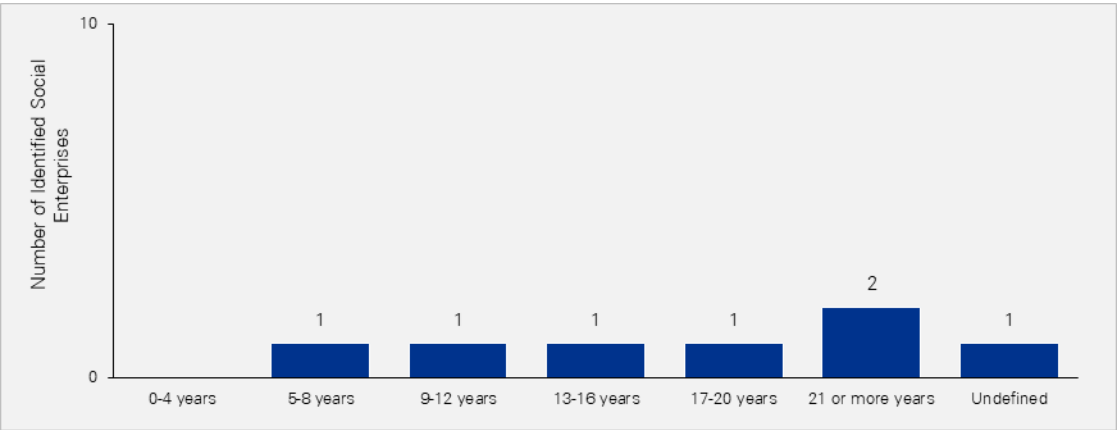
Figure B.63: Legal structure (n=7)



Source: KPMG 2019

Of the seven social enterprises in the Moreton Bay – North region, the majority identify as a public company (43%) or an incorporated association (29%). This is shown in Figure B.63. The industry profiles of social enterprises in the Moreton Bay – North region are spread across three industries: Accommodation & Food Services, Administrative & Support Services, and Health Care & Social Assistance. Of the seven social enterprises in the Moreton Bay region, none have been established in the last four years. Instead, the social enterprises are evenly distributed in terms of length of operation. This is shown in Figure B.65 below.

Figure B.65: Length of operation (n=7)



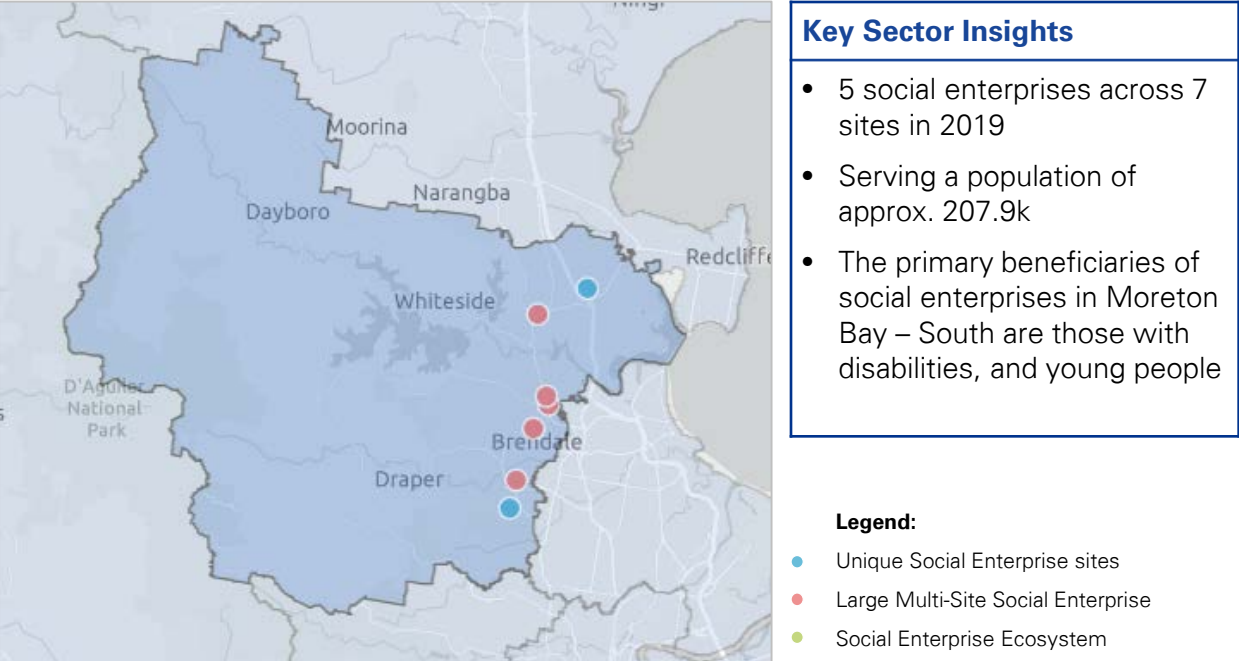
Source: KPMG 2019

Regional Profiles: Moreton Bay – South

There are a total of 5 unique social enterprises and ecosystem organisations across 7 site locations in Moreton Bay – South. The locations of these sites have been indicated in the figure below with a trend towards the eastern area of the region.

Of the total enterprise sites for Moreton Bay - South, 28.6% are small social enterprises and 71.4% are multi-site social enterprises with none categorised as part of the Social Enterprise Ecosystem. The lack of ecosystem presence within this region may be an indicator of the reduced number of social enterprises, especially when compared to other regions of this area e.g. Sunshine Coast.

Figure B.66: Social enterprise site locations in Moreton Bay – South



Note: a number indicates where there exists more than one enterprise within the same location (e.g. street or building site).

Source: KPMG 2019

Figure B.67: Social enterprise sites in Moreton Bay - South

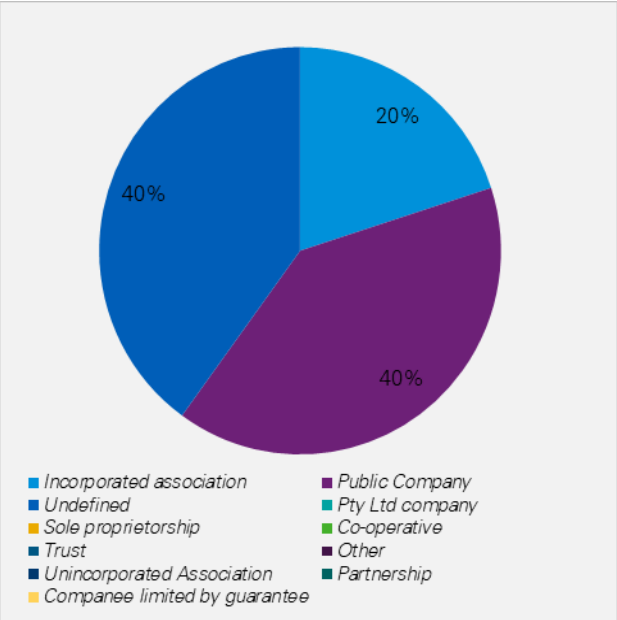
Number of Social Enterprise Sites	Total Social Enterprise Site Locations	Small Social Enterprises (1-2)	Large Multi-Site Social Enterprises (> 3)	Social Enterprise Ecosystem
Number of sites	7	2	3	-
Percentage of total sites	-	28.6%	71.4%	-

Source: KPMG 2019

Regional Profiles: Moreton Bay – South

The figures below describe the industry profiles, legal structures and operating length of the social enterprises identified in the region of Moreton Bay – South.

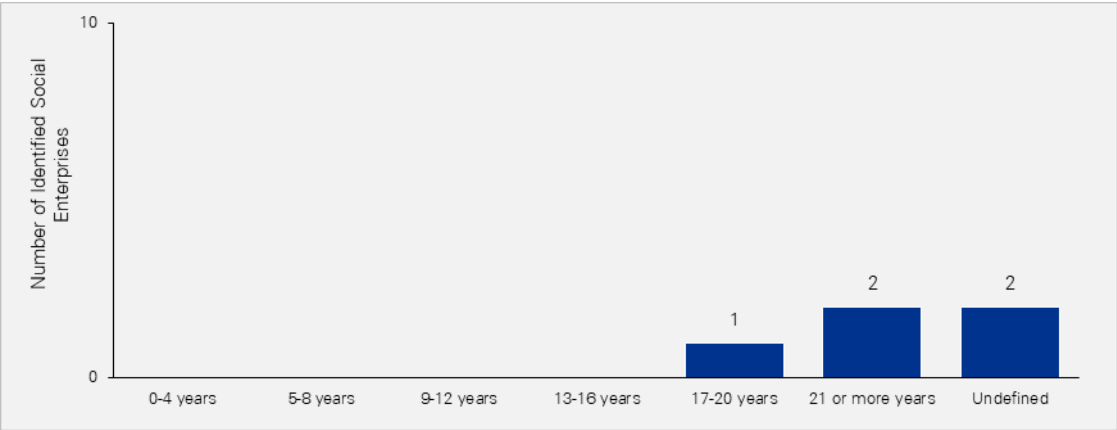
Figure B.68: Legal structure (n=5)



Source: KPMG 2019

Of the five social enterprises in the Moreton Bay – South region, the majority identify as a public company (40%) and a large number are undefined (40%). This is shown in Figure B.68. The industry profiles of social enterprises in the Moreton Bay – South region are spread across three industries, with the majority being in Health Care & Social Assistance. Within the Moreton Bay - South region, more than one third of the social enterprises identified did not specify a year of commencement. The remaining three have been in operation for over 17 years. This is shown in Figure B.70 below.

Figure B.70: Length of operation (n=5)



Source: KPMG 2019

Regional Profiles: Queensland - Outback

There are a total of 24 unique social enterprises and ecosystem organisations across 25 site locations in Queensland – Outback. The locations of these sites have been indicated in Figure B.71 and are widely scattered across the region, including up to Thursday Island in the far north.

Of the total enterprise sites for Queensland – Outback, 84% are small social enterprises, 12% are multi-site social enterprises, and 4% are categorised as part of the Social Enterprise Ecosystem. This region has one of the largest presence of social enterprises across Queensland, and the highest percentage of unique social enterprise sites (84%) compared to any other region.

Figure B.71: Social enterprise site locations in Queensland - Outback

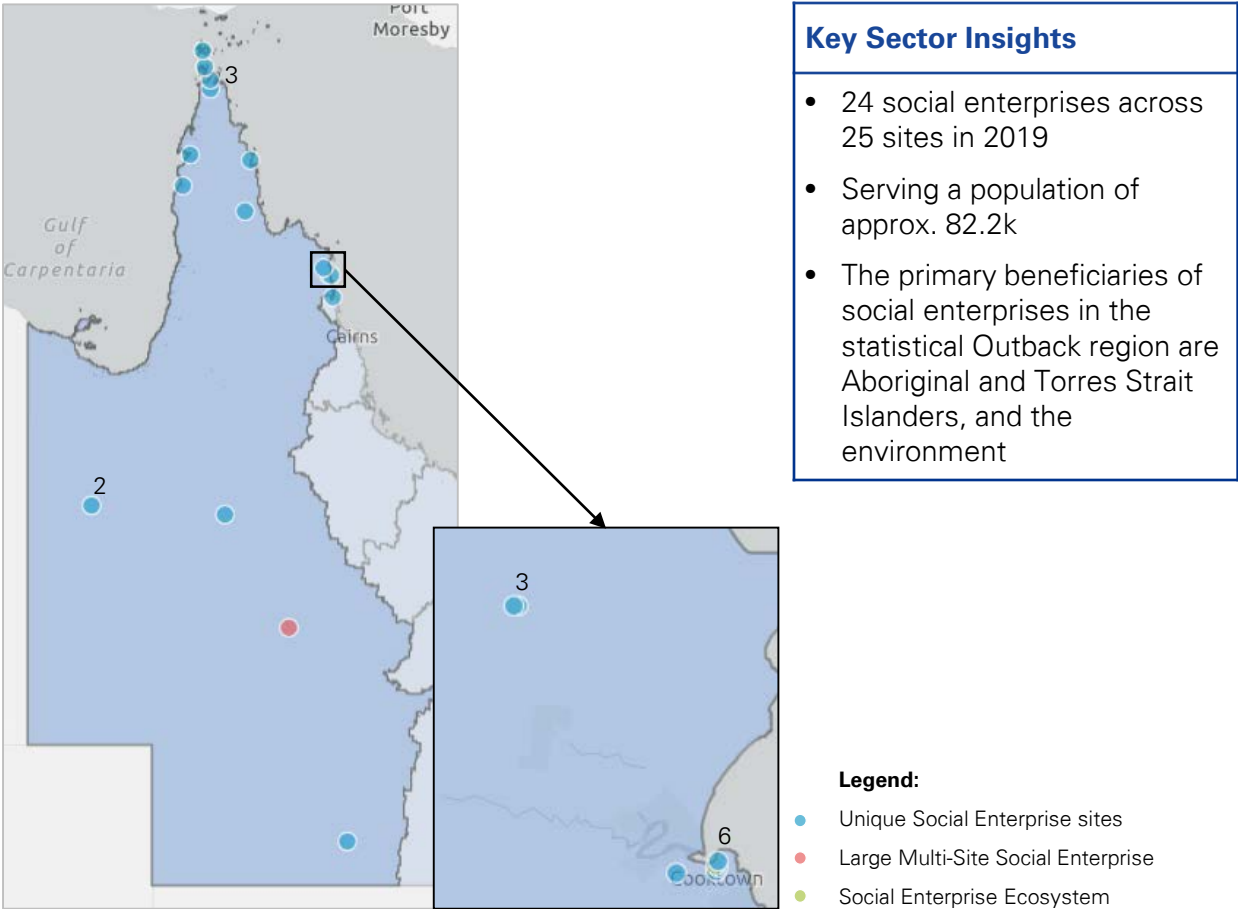


Figure B.72: Social enterprise sites in Queensland - Outback

Number of Social Enterprise Sites	Total Social Enterprise Site Locations	Small Social Enterprises (1-2)	Large Multi-Site Social Enterprises (> 3)	Social Enterprise Ecosystem
Number of sites	25	21	2	1
Percentage of total sites	-	84.0%	12.0%	4.0%

Source: KPMG 2019

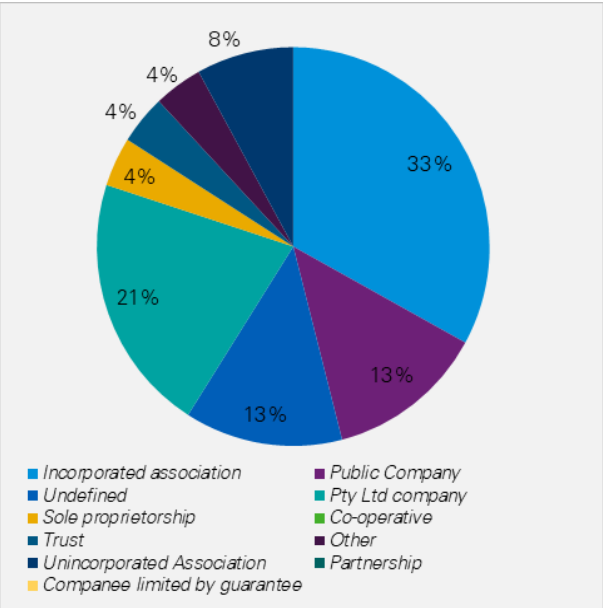


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Regional Profiles: Queensland - Outback

The figures below describe the industry profiles, legal structures and operating length of the social enterprises identified in the region of Queensland – Outback.

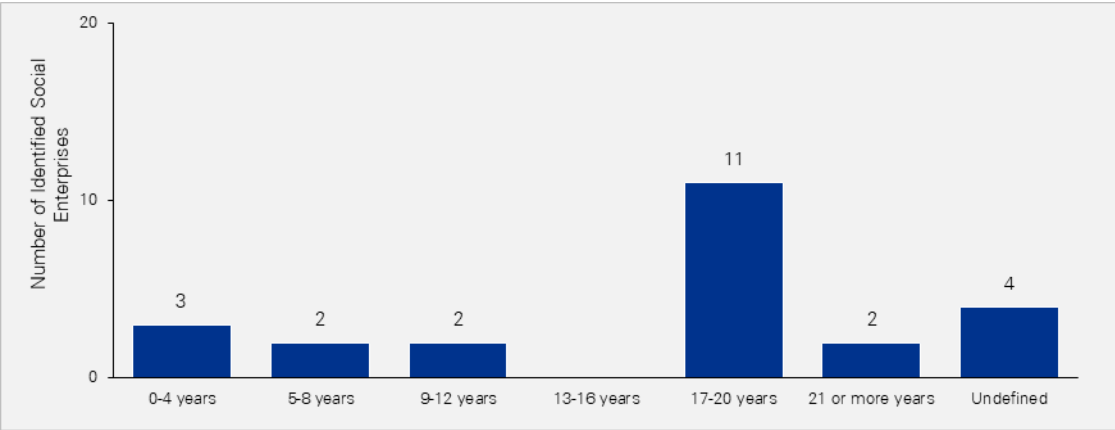
Figure B.73: Legal structure (n=24)



Source: KPMG 2019

Of the 24 social enterprises in the Queensland – Outback region, the majority identify as an incorporated association (33%). This is shown in Figure B.73. The industry profiles of social enterprises in the Queensland – Outback region is spread across seven industries and, in comparison to the state-wide profile, the majority are part of the Arts & Recreation Services. Within the Queensland – Outback region, 54% of the social enterprises have been in operation for 17 years or more. Except for four being undefined, the remaining social enterprises have been established in the last 12 years. This is shown in Figure B.75 below.

Figure B.75: Length of operation (n=24)



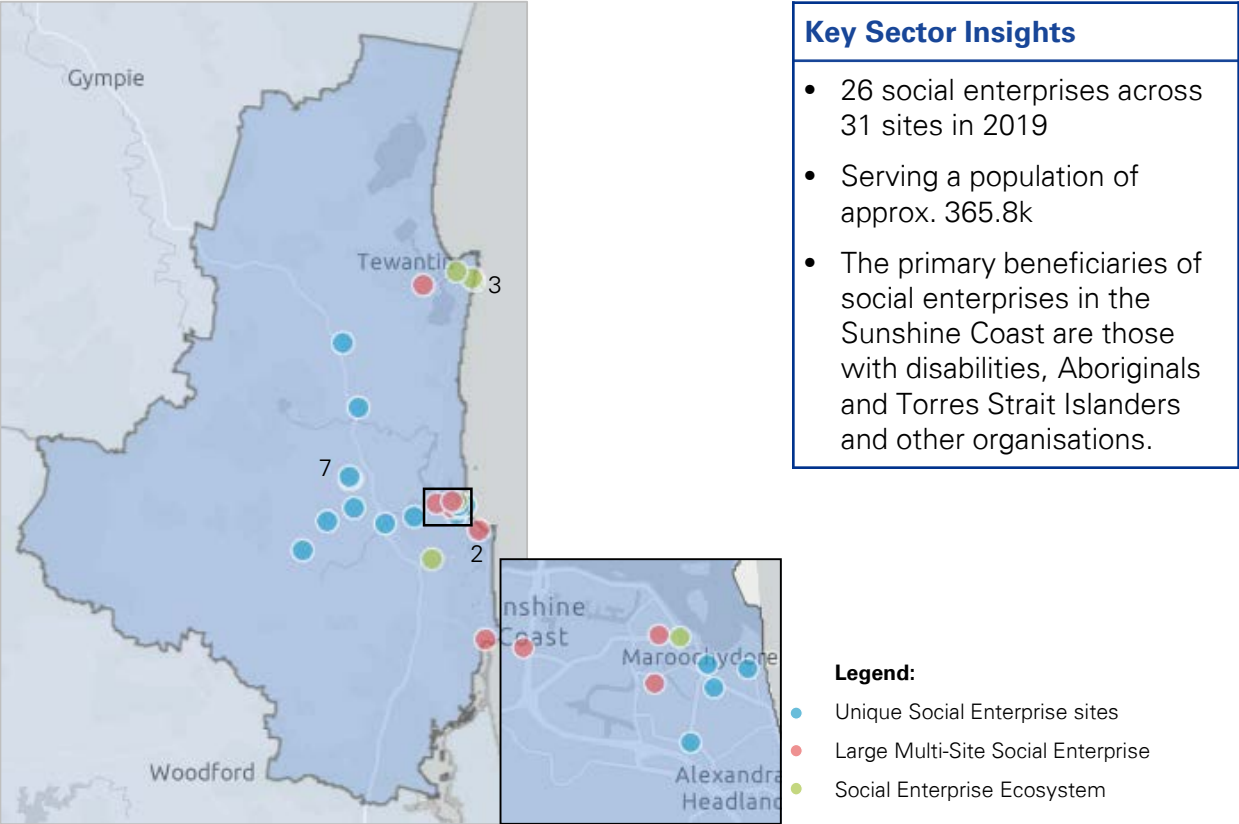
Source: KPMG 2019

Regional Profiles: Sunshine Coast

There are a total of 26 unique social enterprises and ecosystem organisations across 31 site locations across the Sunshine Coast. The locations of these sites have been indicated in the figure below and appear to be located within the central to east area of the region.

Of the total enterprise sites for Sunshine Coast, 58.1% are small social enterprises , 29.0% are multi-site social enterprises, and 12.9% have been categorised as part of the Social Enterprise Ecosystem. As a proportion, this region has one of the highest ecosystem supports for social enterprise across Queensland. It can be noted that the unique enterprise sites and ecosystem categorised sites trend towards the eastern part of the region, with the multi-site locations spreading out over the wider region.

Figure B.76: Social enterprise site locations in Sunshine Coast



Note: a number indicates where there exists more than one enterprise within the same location (e.g. street or building site).

Source: KPMG 2019

Figure B.77: Social enterprise sites in Sunshine Coast

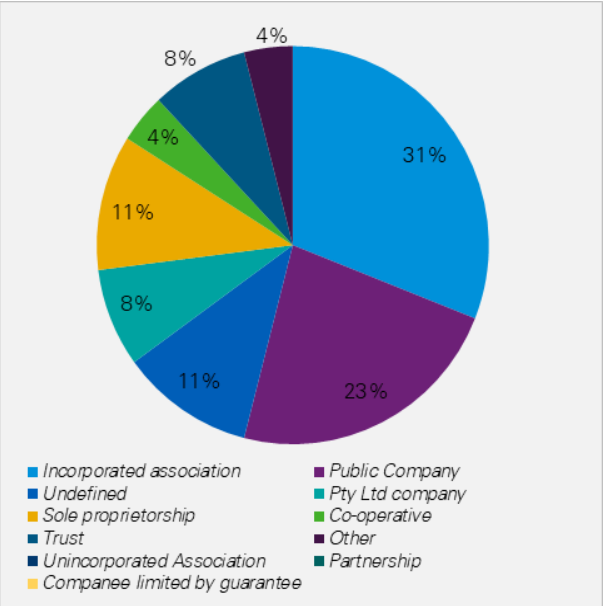
Number of Social Enterprise Sites	Total Social Enterprise Site Locations	Small Social Enterprises (1-2)	Large Multi-Site Social Enterprises (> 3)	Social Enterprise Ecosystem
Number of sites	31	18	4	4
Percentage of total sites	-	58.1%	29.0%	12.9%

Source: KPMG 2019

Regional Profiles: Sunshine Coast

The figures below describe the industry profiles, legal structures and operating length of the social enterprises identified in the region of Sunshine Coast.

Figure B.78: Legal structure (n=26)

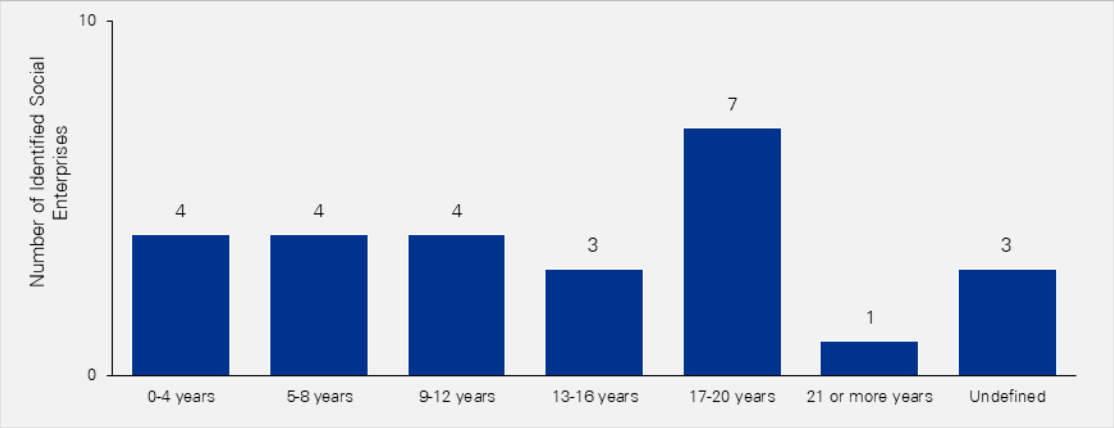


Source: KPMG 2019

Of the 26 social enterprises in the Sunshine Coast region, there is diversity in the legal structures of the businesses. However, the majority identify as an incorporated association (31%) or a public company (23%). This is shown in Figure B.78. The industry profiles of social enterprises in the Sunshine Coast region are spread across eight industries. In this region, there is a high number within the Professional, Scientific & Technical Services industry (27%) when compared with the Queensland average (8.8%).

Within the Sunshine Coast region, there is a spread across the duration of business operation. Of the identified social enterprises in the Sunshine Coast region, 31% have been established in the last 8 years. However, there are also some well established social enterprises with 31% having been in operation for over 17 years. This is shown in Figure B.80 below.

Figure B.80: Length of operation (n=26)



Source: KPMG 2019

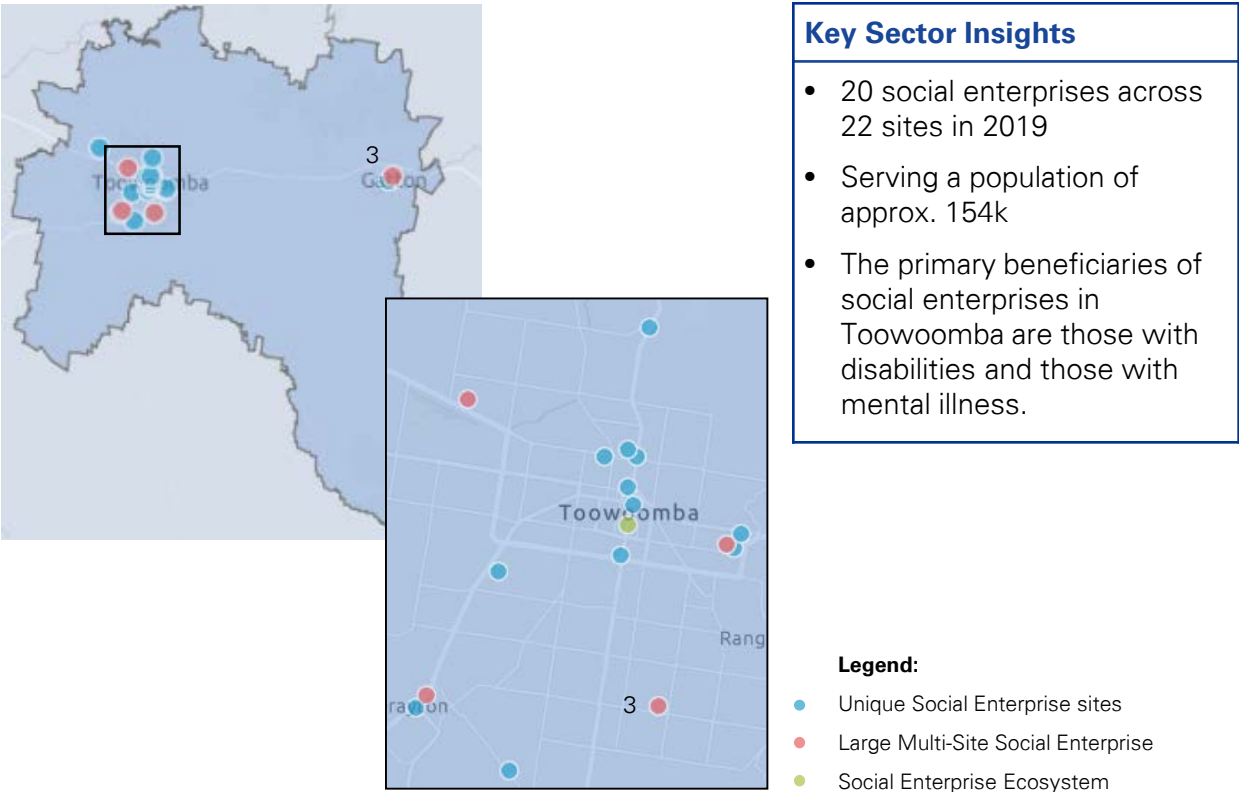


Regional Profiles: Toowoomba

There are a total of 20 unique social enterprises and ecosystem organisations across 22 site locations in Toowoomba. The locations of these sites have been indicated in the figure below, where the sites are located within and around the cities of Gatton and Toowoomba

Of the total enterprise sites for Toowoomba, 63.6% are small social enterprises, 31.8% are multi-site social enterprises, and 4.5% have been categorised as part of the Social Enterprise Ecosystem.

Figure B.81: Social enterprise site locations in Toowoomba



Note: a number indicates where there exists more than one enterprise within the same location (e.g. street or building site).

Source: KPMG 2019

Figure B.82: Social enterprise sites in Toowoomba

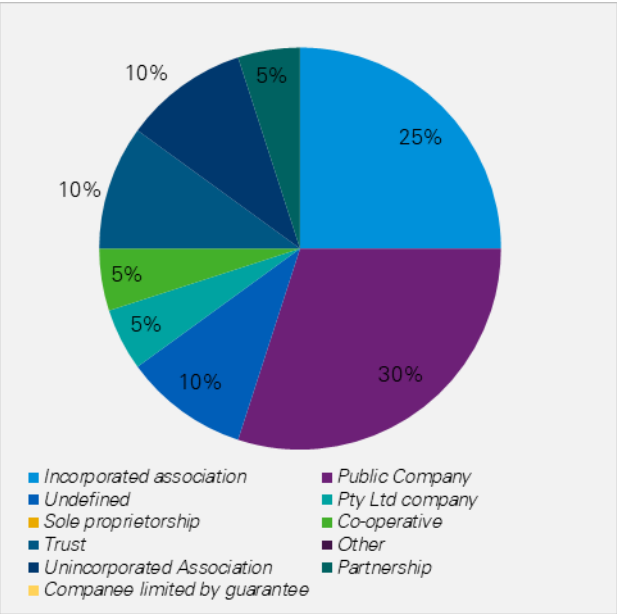
Number of Social Enterprise Sites	Total Social Enterprise Site Locations	Small Social Enterprises (1-2)	Large Multi-Site Social Enterprises (> 3)	Social Enterprise Ecosystem
Number of sites	22	14	5	1
Percentage of total sites	-	63.6%	31.8%	4.5%

Source: KPMG 2019

Regional Profiles: Toowoomba

The figures below describe the industry profiles, legal structures and operating length of the social enterprises identified in the region of Toowoomba.

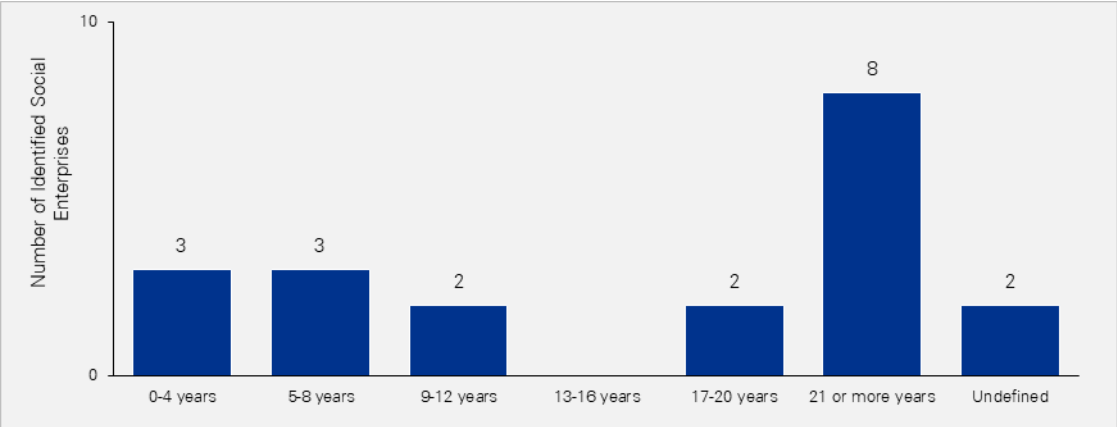
Figure B.83: Legal structure (n=20)



Source: KPMG 2019

The 20 social enterprises in Toowoomba have a diverse spread of legal structure, despite the highest proportion identifying as a public company (30%) or incorporated association (25%). In the Toowoomba region, the social enterprises are spread over five different industry sectors and are predominantly in the Accommodation & Food Services, Administrative & Support Services, and Health Care & Social Assistance industries. Across the Toowoomba region, half of the social enterprises have been in operation for over 17 years. This is shown in Figure B.85 below.

Figure B.85: Length of operation (n=20)



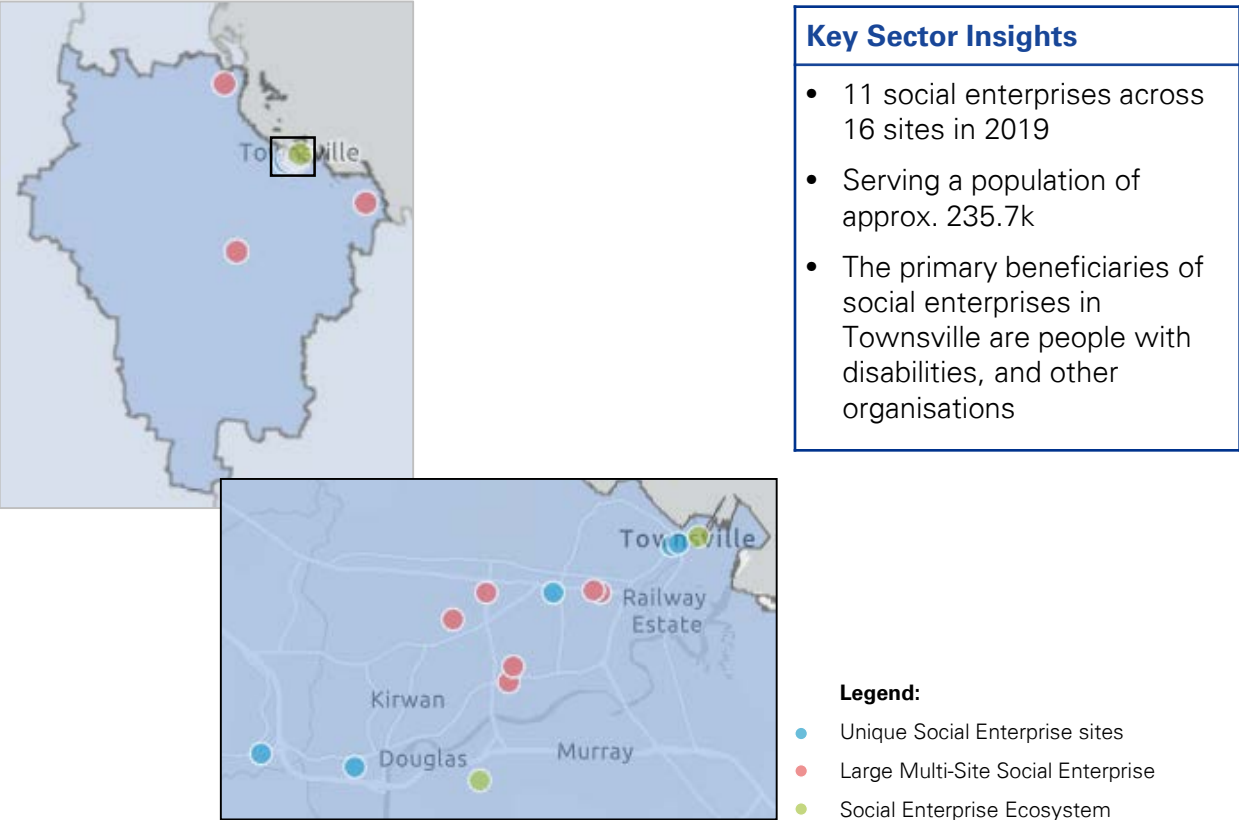
Source: KPMG 2019

Regional Profiles: Townsville

There are a total of 11 unique social enterprises and ecosystem organisations across 16 site locations in Townsville. The locations of these sites have been indicated in the figure below with a majority aligned to the coast line and the city of Townsville. Notably, there is a distinct outlier towards the central-west area of the region.

Of the total enterprise sites for Townsville, 31.3% are small social enterprises, 56.3% are multi-site social enterprises, and 12.5% have been categorised as part of the Social Enterprise Ecosystem. It can be noted that the unique enterprise sites and ecosystem categorised sites trend towards the city of Townsville, with the multi-site locations spreading out over the wider region of Townsville.

Figure B.86: Social enterprise site locations in Townsville



Note: a number indicates where there exists more than one enterprise within the same location (e.g. street or building site).

Source: KPMG 2019

Figure B.87: Social enterprise sites in Townsville

Number of Social Enterprise Sites	Total Social Enterprise Site Locations	Small Social Enterprises (1-2)	Large Multi-Site Social Enterprises (> 3)	Social Enterprise Ecosystem
Number of sites	16	5	4	2
Percentage of total sites	-	31.3%	56.3%	12.5%

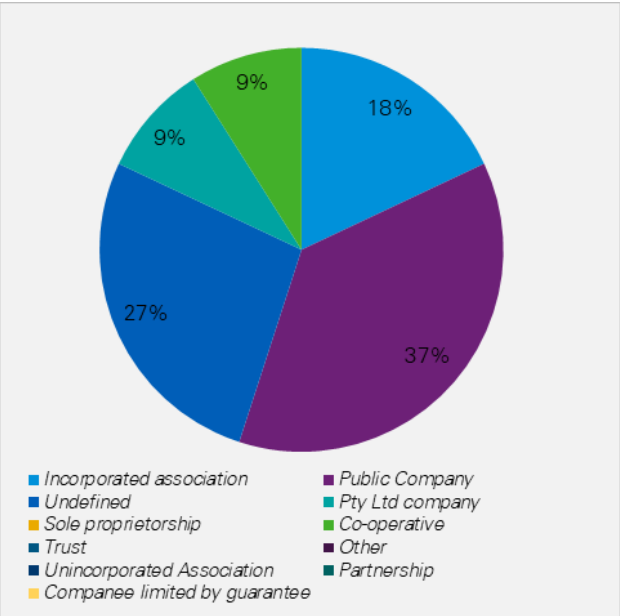
Source: KPMG 2019



Regional Profiles: Townsville

The figures below describe the industry profiles, legal structures and operating length of the social enterprises identified in the region of Townsville.

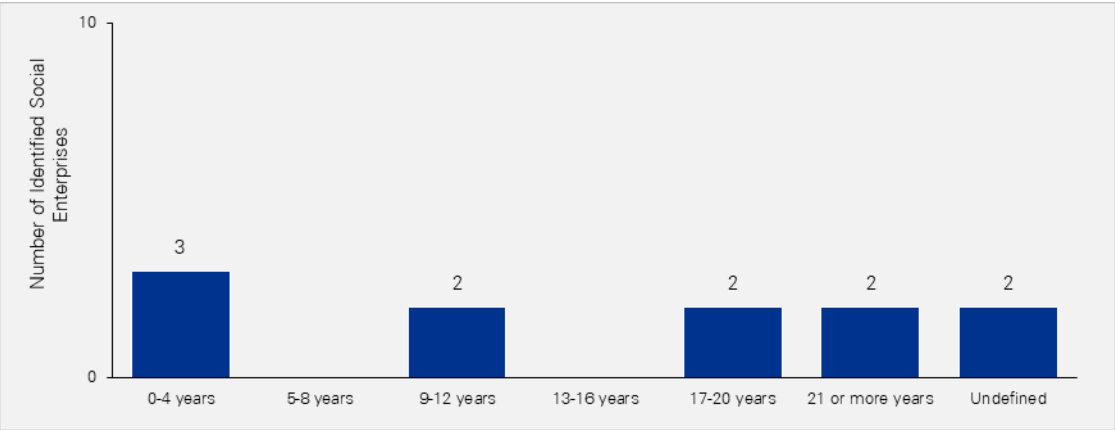
Figure B.88: Legal structure (n=11)



Source: KPMG 2019

Of the 11 social enterprises in Townsville region, there is diversity in the legal structures of the businesses. Compared with the Queensland average (21%), a larger proportion of social enterprises in Townsville are public companies (37%). This is shown in Figure B.88. The industry profiles of social enterprises in the Townsville region are spread across five industries. While there is a focus in the Administrative & Support Services and Health Care & Social Assistance industries, the region has a high proportion in the Electricity, Gas, Water & Waste Services industry (18.1%) when compared with the Queensland average (4.2%). Within the Townsville region, the majority of social enterprises and their ecosystems have been established within the last four years. This is shown in Figure B.90 below.

Figure B.90: Length of operation (n=11)



Source: KPMG 2019

Regional Profiles: Wide Bay

There are a total of 8 unique social enterprises and no ecosystem organisations across 21 site locations in Wide Bay. The locations of these sites have been indicated in the figure below where the sites appear to have no common trend or central geographic location.

Of the total enterprise sites for Wide Bay, 28.6% are small social enterprises and 71.4% are multi-site social enterprises, with none categorised as part of the Social Enterprise Ecosystem. The lack of ecosystem presence within this region may be an indicator of the reduced number of social enterprises, especially when compared to other regions of similar populations.

Figure B.91: Social enterprise site locations in Wide Bay



Key Sector Insights

- 8 social enterprises across 21 sites in 2019
- serving a population of approx. 235.7k
- The primary beneficiaries of social enterprises in the Wide Bay region are those with disabilities, the aged population, and Aboriginal and Torres Strait Islanders

Legend:

- Unique Social Enterprise sites
- Large Multi-Site Social Enterprise
- Social Enterprise Ecosystem

Note: a number indicates where there exists more than one enterprise within the same location (e.g. street or building site).

Source: KPMG 2019

Figure B.92: Social enterprise sites in Wide Bay

Number of Social Enterprise Sites	Total Social Enterprise Site Locations	Small Social Enterprises (1-2)	Large Multi-Site Social Enterprises (> 3)	Social Enterprise Ecosystem
Number of sites	21	4	4	-
Percentage of total sites	-	28.6%	71.4%	-

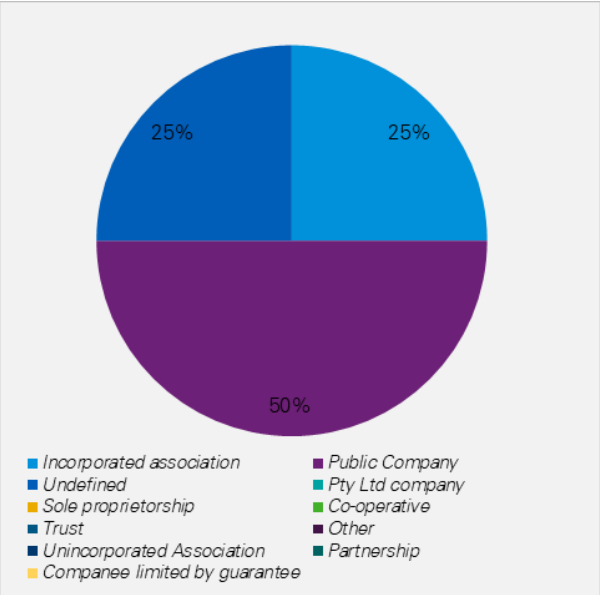
*Note: one unique social enterprises have been identified to work across 3 sites within the region of Wide Bay.

Source: KPMG 2019

Regional Profiles: Wide Bay

The figures below describe the industry profiles, legal structures and operating length of the social enterprises identified in the region of Wide Bay.

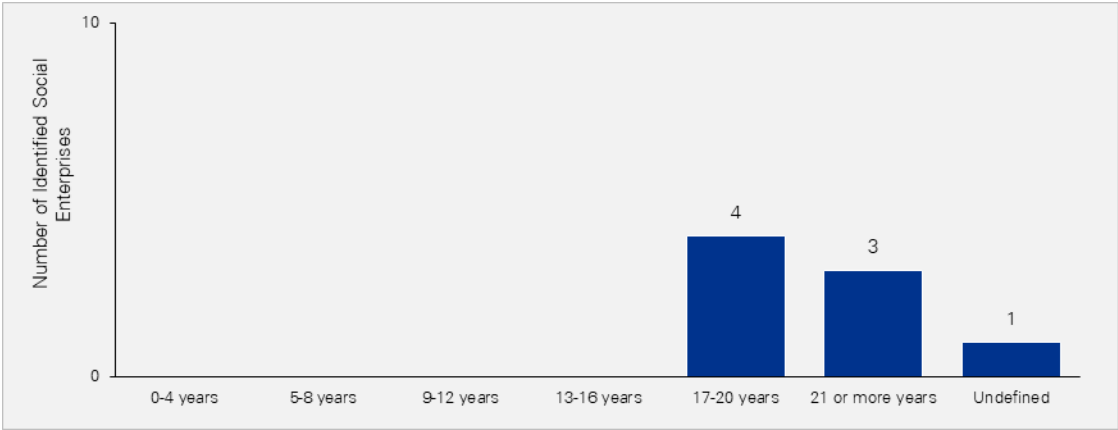
Figure B.93: Legal structure (n=8)



Source: KPMG 2019

Of the eight social enterprises in the Wide Bay region, all have a legal structure of either a public company, an incorporated association, or are undefined. This is shown in Figure B.93. The industry profile of social enterprises in the Wide Bay region are concentrated in the areas of Administrative & Support Services and Health Care & Social Assistance. Within the Wide Bay region, all social enterprises and their ecosystems have been in operation for over 17 years (or did not specify their year of commencement). There have been no social enterprises established in the last 16 years. This is shown in Figure B.95 below.

Figure B.95: Length of operation (n=8)



Source: KPMG 2019

D: Survey Methodology



Survey Methodology

The SE survey was distributed to a sample of 203 organisations over a three week period in January. There were 54 responses to the survey, of these 41 were included in the sample for analysis. These 13 responses were not included based on the establishment of a cut-off point where the respondent had to have answered more than the demographic questions. A summary is provided in the figure below, followed by the survey cover page and questions.

Sample	Period open (2016)	Response rate (%)	Number of completed surveys	Number of surveys analysed
Database of Queensland SE	7 – 29 January	27%	54	41

Introduction to the project

Jobs Queensland has been tasked by the Queensland Minister for Employment and Small Business, and Minister for Training and Skills Development to undertake research to better understand the role for government in helping to support social enterprise activity to deliver improved economic and social outcomes for Queensland. The research will specifically consider the extent, role and outcomes of social enterprises in Queensland’s business and jobs market. Further information can be found online via the Jobs Queensland website at <https://jobsqueensland.qld.gov.au/projects/social-enterprise/>.

As part of this remit, KPMG has been engaged by Jobs Queensland to provide a profile of the social enterprise sector across Queensland for the first time. This will help the Queensland Government to better understand the size and attributes of organisations working as social enterprises, as well as informing how the sector can best be supported into the future.

Why has this survey come to you?

Your organisation has been identified as a possible social enterprise operating in Queensland and we are keen to understand more about your organisation. As part of this, we are seeking one person from your organisation to complete the survey. The questions seek to understand more about your organisation and its characteristics (workforce, locations), and also better understand what could best assist your organisation into the future.

It should be noted the survey is purely voluntary and you may exit it at any time. The survey can be completed on any mobile device and can be completed over multiple sittings. The survey will remain open for a period of three weeks, closing on **Tuesday, 29 January 2019**.

Should you have any concerns or questions about this survey, please feel free to contact the KPMG Project Director, Michelle Baulderstone via email at mbauldersto1@kpmg.com.au or on telephone 0407 375 823.

What will I be asked?

There are three key parts to this survey:

Part 1: About your organisation. This covers key questions about your organisations' name, Queensland presence and core purpose. There is some debate about what constitutes a social enterprise, and for this reason, we also are seeking some high-level information about the way your business is run, for example, whether revenue is generated from the sale of a good or service.

Part 2: Key organisational characteristics. The Queensland government is keen to learn more about the size and scale of the social enterprise sector across Queensland, including some of its key characteristics. Therefore we are seeking information including regarding your workforce, the geographical area in which you operate, and an approximation of the turnover of the business.

Survey Methodology

Part 3: Assisting your organisation. The last part of the survey seeks to understand the key challenges you face and some information about what would best assist your organisation in the future.

How will the information I supply be used?

The information you provide will be collected as part of the database being developed on Queensland Social Enterprises. Only the project team within KPMG assigned to this project will have access to this data and information while the database is being developed. This database on Queensland Social Enterprises will be provided in an identified form to Jobs Queensland and will not be permitted to be distributed to, or used by, any third parties. KPMG will provide a Final Report in relation to this engagement, with any information reported in relation to the survey results to be provided in a de-identified and aggregated form.

Privacy Statement

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I have read the cover page and give consent for my data to be used in the aforementioned manner
☐ I consent
☐ I do not consent

Part 1: About your organisation

Q1) What is the registered trading name of your organisation?

Q2) Does your organisation have office locations in Queensland?
☐ Yes
☐ No
☐ Internet presence only but based in Queensland

Display This Question:
If Does your organisation have office locations in Queensland? = Yes

Q3) How many office locations do you have in Queensland?

Q4) Which of the following best describes your organisation?
☐ A Social Enterprise
☐ An organisation that supports the growth, sustainability or connectedness of social enterprises in Queensland
☐ Other (including if you don't believe your organisation is a social enterprise, or where you are not sure) _____

Q5) What is the core purpose or mission of your organisation?

Survey Methodology

Q6) When was your organisation founded?

Q7) Does your organisation generate the majority of its revenue from the trade of goods or the provision of services?

(Note: This revenue may be generated from government or private sources, but not where the majority of your revenue comes from grant funding.)

- ☐ Yes
- ☐ No

Q8) Is your organisation a charity organisation providing goods or services for free?

- ☐ Yes
- ☐ No
- ☐ Not sure

Q9) Please detail which of the following applies to your organisation:

- ☐ My organisation is a not-for-profit
- ☐ My organisation is a for-profit, however, over 50% of profit gets reinvested into the social enterprise business
- ☐ My organisation is a for-profit, and the majority does not get reinvested into the business

Q10) Which of the following best describes the industry in which your organisation operates?

Please check all that apply

- ☐ Agriculture, forestry and fishing
- ☐ Mining
- ☐ Manufacturing
- ☐ Electricity, gas, water and waste services
- ☐ Construction
- ☐ Wholesale trade
- ☐ Retail trade
- ☐ Accommodation and food services
- ☐ Transport, postal and warehousing
- ☐ Information media and telecommunications

Q10 Continued.

- ☐ Financial and insurance services (including providing financial support to social enterprises)
- ☐ Rental, hiring and real estate services
- ☐ Professional, scientific and technical services
- ☐ Administrative and support services (including employment services, commercial cleaning, and business support/ capability development for social enterprises)
- ☐ Public administration and safety
- ☐ Education and training
- ☐ Health care and social assistance
- ☐ Arts and recreation services
- ☐ Other services (including domestic cleaning and domestic gardening, nannying type services)
- ☐ I am not sure

Survey Methodology

Q11) Which of the following demographic groups or purposes does your social enterprise target (either through employing or providing goods/ services to) as part of your mission?

Please check all that apply

- ☐ N/A I am not a social enterprise
- ☐ All the people living in a particular community
- ☐ Aboriginal and Torres Strait Islander people
- ☐ Children
- ☐ Ethnic group/ minority
- ☐ Homeless persons
- ☐ Immigrants
- ☐ Lower income individuals/ families
- ☐ People living with addictions
- ☐ People experiencing barriers to employment
- ☐ People with a disability
- ☐ Refugees
- ☐ Senior/ elderly persons
- ☐ Youth/ young adults/ students
- ☐ Women
- ☐ Men
- ☐ Providing an environmental benefit
- ☐ Providing a cultural benefit

Part 2: Determining the size, scale and key characteristics of the sector

Q12) What was your organisation turnover in the 2017/18 financial year (approximately)?

Q13) Of the revenue your organisation received over the last financial year (2017/18) what was the composition?

- _____ Government grants or contributions
- _____ Contracts for the delivery of goods or services to government
- _____ Non-government grants and contributions
- _____ Fundraising (including crowdfunding)
- _____ Repayable equity
- _____ Profits/ surplus from the delivery of sales/ services to the general public
- _____ Profits/ surplus from the delivery of sales/ services to government
- _____ Loans/ Mortgages

Survey Methodology

Q14) How likely is your organisation to raise revenue from the following sources over the next two years?

	Very likely	Somewhat likely	Possibly	Not likely	Uncertain
Government grants or contributions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Contracts for the delivery of goods or services to government	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Non-government grants and contributions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Fundraising (including crowdfunding)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Repayable equity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Profits/ surplus from the delivery of sales/ services to the general public	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Profits/ surplus from the delivery of sales/ services to government	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Loans/ Mortgages	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q15) Please provide details of any government support you have accessed previously (whether provided by local government, state government or federal government).

Q16) How many staff do you employ in your organisation?

Q17) Of these staff, how many do you employ in the following categories?

- ☐ Full time
- ☐ Part-time
- ☐ Casual
- ☐ Volunteers

Survey Methodology

Q18) Do you employ people from a disadvantaged background?

- ☐ Yes
- ☐ No

Display This Question:

If Do you employ people from a disadvantaged background? = Yes

Q19) What proportion of your organisation's workforce would they comprise?

Q20) Social enterprises are established for a variety of purposes (including social, environmental, cultural and community). Does your organisation focus on (please check all that apply):

- ☐ Providing training or skills development for your workforce to assist them in entering the broader labour market
- ☐ Providing employment opportunities for the long-term unemployed or other disadvantaged cohorts
- ☐ Delivering a Skilling for Queenslanders for Work project

Q21) In which of the following geographic areas does your organisation operate or provide services?

- ☐ Neighbourhood/ local community
- ☐ City/ town
- ☐ Region of Queensland
- ☐ All of Queensland
- ☐ Nationally or internationally

Q22) Is your organisation part of a regional network or linked to support services for social enterprises?

- ☐ Yes
- ☐ No
- ☐ My organisation is a social enterprise regional network

Survey Methodology

Part 3: Assisting you. These questions are designed to best understand the key challenges of your organisation and what assistance could be provided to assist you into the future.

Q23) To enable a better understanding of the key challenges your organisation faces, can you please indicate which of the following factors, if any, have posed a significant challenge (reflecting on the last year of operation)?

	Not a challenge	Small challenge	Moderate challenge	Significant challenge
Governance challenges	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Internal expertise to drive our SE	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Board of Director involvement	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Legal and regulatory considerations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Meeting our organisational mission	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Financial challenges	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Access to external capital to invest in the SE	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Budgeting and accounting	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cash flow	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Operational challenges	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Business planning	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Logistics for production and/ or distribution	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sales of products/ or services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Human Resources	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Equipment/ facilities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information technology	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Marketing/ Advertising	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Contract procurement	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Access to customers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Survey Methodology

Q24) Please indicate from the list below, which resources would be useful to your social enterprise, if any?

	Not useful	Slightly useful	Moderately useful	Significantly useful
Governance education resources	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Legal and regulatory advice (specific to an SE)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Seed/ start-up funding	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Financial sustainability and planning support	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Financial educational resources (specific to an SE)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Measuring social purpose/ impact	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Operational (management) education resources	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information and technology support/ training	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Organisational growth and sustainability support/ training	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Workforce capability support training	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Marketing and advertising resources/ training (incl. social media)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Networking and public relations information	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Developing an online marketplace to sell products/ services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Governance education resources	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Legal and regulatory advice (specific to an SE)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Seed/ start-up funding	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Financial sustainability and planning support	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Financial educational resources (specific to an SE)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Measuring social purpose/ impact	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

E: Stakeholders Consulted



Stakeholder Consultations

The KPMG Project Team engaged a total of 80 stakeholders from the sector throughout multiple phases in the development of this Report. The stakeholders ranged from social entrepreneurs to accelerators to government representatives, all with direct or indirect links to the social enterprise sector in Queensland and/or Australia. The stakeholder engagements utilised for this report include the following:

- Six one-on-one interviews with social enterprise leaders and social entrepreneurs;
- Twelve one-on-one interviews with individuals with expertise and deep experience in specific topic areas related to this Report;
- Three regional forums with representatives from social enterprise sectors in Cairns, Sunshine Coast, and Logan (greater Brisbane area);
- One regional video conference with representatives from the social enterprise sector in Mt Isa; and
- Two focus groups, including one in Cairns focused on Aboriginal and Torres Strait Islander social enterprises, and one in Brisbane which was a group of social enterprise leaders in the sector identified by Jobs Queensland.



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