

Inclusive and sustainable road to 2025

SENVIC Submission to the Victorian Government



Social Enterprise Network Victoria

SENVIC is emerging as the peak body of the social enterprise sector in Victoria.

SENVIC members reflect the diversity of the social enterprise sector and include large charities and businesses, small community services, sole traders and micro businesses, community organisations and individuals interested or active in the social enterprise movement.

SENVIC associate members reflect the diversity of the enablers in Victoria's social enterprise ecosystem. Associate members include government and public sector bodies, financial services, philanthropy, peak organisations, educational institutions and other learning providers.

SENVIC is at the centre of Victoria's social enterprise ecosystem and delivers the network and cultural capital for an innovative, entrepreneurial and empowering social enterprise ecosystem.

In addition to supporting today's members, SENVIC represents the interests of Victorians seeking to create a fair, inclusive and sustainable society. SENVIC promotes social enterprise as the preferred business model for the new economy and seeks to transform business as usual.

This submission was authorised by SENVIC CEO Nicholas Verginis. SENVIC is an unincorporated joint venture auspiced by CERES Inc, in partnership with Social Traders and the Australian Centre for Rural Entrepreneurship (ACRE). The achievement and activities of SENVIC have been delivered by SENVIC staff in partnership with ACRE.

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A fully accessible version is available online at www.senvic.org.au/your-voice/

SENVIC acknowledges the traditional owners of country, pays respect to past, present and emerging Elders and recognises that the question of sovereignty remains unresolved. This document was prepared on the lands of the Kulin Nation.

We thank the Victorian Government for the opportunity to make a submission and be the voice for social enterprise on the Strategy Reference Group, chaired by the Hon Jane Garrett MP, Parliamentary Secretary for Jobs.

We congratulate the Government for enabling wider engagement through www.engage.vic.gov.au. SENVIC is an interface between government and the social enterprise ecosystem, and has actively encouraged and supported broad participation.

Victoria is proud of the leadership embodied in the Social Enterprise Strategy 2017 and the commitment of the Victorian Government to create a thriving social enterprise community. SENVIC is duly regarded as a key achievement in the discussion paper. Since 2017, the social enterprise movement has advanced considerably. In many ways, the first Strategy was just a beginning and the context for the renewed Strategy is radically different.

Part One of the Submission speaks to SENVIC's role in the social enterprise ecosystem and our recommendations for Theme 4. The balance of the themes are then discussed in turn.

Our Time Is Now

COVID-19 has disrupted all parts of our society and exposed vulnerabilities in our economy.

The disruption has been so comprehensive that past barriers or constraints on innovation are now removed. Ideas cast-off for ambition are now possible.

The economic impact of COVID-19 has been significant, compounding the devastation brought by the Black Summer bushfires, but the social enterprise sector is resilient and will survive.

Social enterprise is ready to enable the government's recovery plan. More broadly, the social enterprise ecosystem - from the micro enterprise to the largest philanthropic bodies and conscious corporations - is poised to place impact at the centre of economic recovery.

The renewed Strategy is a timely, tactical solution for a more inclusive and sustainable economy.

What we want to see in the next Strategy 2021+

VISION

The next Strategy should be an ambitious plan to stimulate recovery and achieve

whole-of-government policy outcomes.

It must be a five year plan that embodies ambitious goals and tangible outcomes supported by strong investment.

'Impact' economic thinking must be brought to the centre of the economic system and government decision-making. Once impact is embedded as a partner in the risk-return calculation, it can drive the systemic creation of positive outcomes and anchor government priorities and initiatives on a clear road to a fair, inclusive and sustainable society.¹

Social enterprise has demonstrated its strength and impact - both social and environmental - providing cost-effective solutions to complex problems that governments struggle to tackle.

With the economic devastation shedding light on society's vulnerabilities, the employment potential of social enterprise for a range of marginalised groups will be increasingly important.

Queensland, New South Wales and other parts of Australia have recognised the value of social enterprise and made significant progress in recent years. Victoria's renewed Strategy should cement Victoria's leadership position for the next five years.

STRENGTH

The renewed Strategy must embody the values of a rising generation of young people that understand that our future depends on an inclusive and sustainable economy.

The Discussion Paper covers the issues and challenges that matter. It is a good framework to advance from the first Strategy.

The renewed Strategy must be stronger with tangible commitments to achieve the vision. For example, we recommend following the Scottish model, creating a new Ministerial portfolio for Social Enterprise and legislation to embed a more inclusive and sustainable economy.

Increased collaboration and coordination is required to maximise the effectiveness of individual actors in the social enterprise ecosystem. We are greater than the sum of our parts. Government must invest in the creation of an ongoing leadership group, similar to the Strategy Reference Group, that includes key actors in the social enterprise ecosystem and ensures greater collaboration, coordination and innovation in the years ahead.

The Strategy must leverage whole-of-government innovation strategies² to recognise the achievements of social enterprise and fund a range of new innovation pilots within the social enterprise sector, and undertake the necessary research to track the efficacy of these pilots. Work-Integration Social Enterprises (WISEs) should be integrated - indeed, celebrated and promoted for inclusive employment - as a key part of Victoria's employment strategy.

¹ See Catalyst 2030, "Getting from crisis to system change: Advice for leaders in the time of COVID", <https://catalyst2030.net/>

² Leverage Victoria's whole-of-government programs on social innovation (www.vic.gov.au/promoting-and-supporting-innovation-public-sector) place-based innovation (www.vic.gov.au/framework-place-based-approaches-7) and community innovation (for example, engage.vic.gov.au/victorian-african-communities-action-plan-grants/community-innovation).

NATIONAL LEADERSHIP

Victoria should be a vocal and an active participant in the development of a national social enterprise strategy, advocating for increased coordination and uniformity, and more favourable government and regulatory settings at the federal level.

SENVIC initiated a national collaboration to develop the Federal Government's engagement with social enterprise and to work with others in the sector towards the establishment of a national strategy. This collaboration has the support of the Alliance of Social Enterprise Networks Australia (ASENA), Social Traders and ACRE. The Yunus Centre (Griffith University) is providing expert support and the English Family Foundation has joined as a seed funder and to lead coordination.

The renewed Strategy must leverage national developments including the Social Impact Investing Taskforce ((SII Taskforce) due to report imminently) and the Australian Law Reform Commission's (ALRC) inclusion of social enterprise in its forward plan.

The next Strategy should include a commitment from the Victorian Government to take a leadership role in national policy forums. In particular, Victoria should seek to:

- Embed impact in the risk-return calculation of national decision-making.
- Activate federal policy and regulatory levers for a regulatory environment designed for social enterprise, not just accommodating it.
- Create incentives for capital, finance and superannuation funds to support social enterprise, and for businesses to convert to social enterprise when succession planning.
- Drive the creation of a national fund overseen by practitioner networks (ASENA) to grow social innovation and encourage systems change.
- Unify the national certification of social enterprise by consolidating Social Traders' role as the national social enterprise regulator.
- Encourage the Australian Law Reform Commission to prioritise the establishment of a unique legal entity for the next generation of social enterprise. Stand-alone laws will clarify the policy reform required to create a favourable regulatory environment.

These measures will unify the movement in Australia and empower Victoria's social enterprise ecosystem to stride confidently towards a fair, inclusive and sustainable society.

INVESTMENT

The first Strategy included \$11 million over 4 years - a modest investment for a sector that contributes \$5.2 billion to GDP.

It is time for a 10-fold increase over the next 5 years. The impact-weighted assessment of the next Strategy will demonstrate value-for-money.

SUMMARY OF RECOMMENDATIONS

1. The next Strategy should be an ambitious plan to stimulate recovery and achieve whole-of-government policy outcomes.
2. It must be a five year plan that cements Victoria's leadership position with ambitious goals and

tangible outcomes supported by strong investment.

3. Follow Scotland and create a new Ministerial portfolio for Social Enterprise to bring greater focus to an inclusive and sustainable Victorian economy.
4. 'Impact' economic thinking must be brought to the centre of the economic system and government decision-making.
5. Codify the next Strategy and embed social enterprise as a preferred supplier in legislation.
6. Leverage Victoria's whole-of-government innovation strategies and enable social enterprise to drive system-level change, with funding to develop, deliver and evaluate the impact of a range of pilots.
7. Work-Integration Social Enterprises (WISEs) should be integrated as a key part of Victoria's employment strategy. Indeed, WISEs should be celebrated as role-models for inclusive employment.
8. Victoria should be a vocal and an active participant in the development of a national social enterprise strategy, advocating for increased coordination and uniformity, and more favourable government and regulatory settings at the federal level.
9. The Strategy must leverage national developments including the SII Taskforce (scheduled to report at the time of writing) and the ALRC's inclusion of social enterprise in its forward plan.
10. The Strategy must be supported with investment that is proportionate to the sector's \$5.2 billion contribution to the Victorian economy.

Theme 1: Skills and Capability development

11. Address the identified gaps and explore avenues for increased coordination and collaboration between learning service providers.
12. Expand SENVIC's practitioner-led learning programs to drive community-led recovery and to build the adaptive capacity of communities across regional and metropolitan areas.

Theme 2: Access to affordable and appropriate capital

13. Create a new fund to improve access to capital/finance by filling gaps statewide and between funding streams that are currently focused on metropolitan areas and social enterprises that have already achieved scale.
14. Support SENVIC to facilitate sector engagement and greater coordination to enable social enterprise to navigate and select appropriate social finance.
15. Victoria must take a leadership role nationally to activate federal government levers. Capital, finance and superannuation funds should have incentives to support social enterprise and encourage existing businesses to become social enterprises. Other levers are noted in the Submission.
16. Harness Federal Budget 2020 impact investing funding for Victoria's housing and homelessness agreements for social innovation pilots.
17. Leverage the recommendations of and create synergies with DPMC's SII Taskforce (forthcoming).

Theme 3: Growing the market

18. Invest in a promotional strategy developed with Social Traders, SENVIC and sector leaders that will raise awareness, understanding and recognition of social enterprise.
19. Partner with other promotional strategies to embed and showcase social enterprise in "Click for Vic" and "Buy local" campaigns.
20. Invest in SENVIC's local leadership and build capacity to partner with government agencies, including Regional Development Victoria and Metropolitan Partnership Boards, and to develop social innovation networks at the local level.

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21. Map and promote social enterprise as case studies for successful social innovation in every government portfolio and in every electorate.
 22. Require all levels of government and statutory agencies to comply with an enhanced Social Procurement Framework (SPF).
 23. The Victorian Government should commit to an ambitious whole-of-government target of social procurement spending over the next five years.
 24. The SPF should be strengthened to include ambitious mandatory requirements that are rewarded with a minimum of 10 per cent weighting for compliant tenders.
 25. Explore innovative models to include uncertified social enterprises in social procurement including sponsoring certification and flexible models for collaboration and collective scaling.
 26. Embed social procurement in the Public Private Partnership (PPP) Framework and provide a 15 per cent weighting for tenders that comply with the SPF. PPPs should have additional requirements including locating social enterprise in new infrastructure, spending levels and measures that increase social enterprise purchasing each year of the PPP.
 27. Social enterprise should be actively supported and incentivised through mainstream business development programs - including Business Victoria, LaunchVic and Small Business Victoria - and sector specific programs where social enterprise is active - from Agriculture Victoria to Visit Victoria.
 28. Social enterprise should be promoted as the preferred business model for the next generation. As the economy contracts and more business-owners approach retirement, social enterprise (including community and employee ownership models) should be presented as the business model of choice.
 29. Require Government asset management to unlock vacant public sector tenancies and create incentives for vacant sites to be accessed for social enterprises to activate across Victoria.
 30. Leverage planning decisions by requiring preferential opportunities for micro social enterprises to establish in new developments, alongside social housing and other requirements.
 31. Build local government and public sector skills and capacity through the SENVIC/Social Enterprise Academy's program that brings together community-leaders and entrepreneurs with ecosystem enablers.

Theme 4: A collaborative and cohesive ecosystem

32. Consolidate SENVIC's central role in the Victorian social enterprise ecosystem - connecting, building and catalysing change - with core funding continued and enhanced to deliver the expanded role under the next Strategy.
33. Build on SENVIC's regional model with further investment to increase the capacity of SENVIC's local leads and integrating SENVIC in government agencies and across portfolios, and replicating the model in metropolitan Melbourne.
34. Invest in ACRE and specialist regional/rural social enterprise intermediary to enable the success of the Strategy beyond metropolitan Melbourne and other major cities.
35. Resource ecosystem coordination and collaboration that maximises the impact and effectiveness of social enterprise intermediaries and sector initiatives.
36. Work with SENVIC to support the establishment of social enterprise hubs and social innovation clusters in metro and regional areas.

Theme 5: Impact measurement

37. The Victorian Government must take a lead role in developing nationally consistent social impact measurement framework. The government should work with key stakeholders to ensure buy-in for the new framework by intermediaries and all levels of government.

SENVIC's impact to date

CONNECTION

SENVIC is building a community of like-minded Victorians seeking to use trade to create a fair, inclusive and sustainable economy.

In just over a year, we have 453 individual members (at 30 September 2020).

We have a strong regional focus, reflected in 27 per cent of total members being in regional areas.

256 unique social enterprises are active in over 20 industry sectors, and 197 enablers or associate members.

ACRE established a regional network of SENVIC local champions to play a lead role engaging with rural and regional social entrepreneurs. The regional network ensures SENVIC represents the interests of our diverse sector and can respond to local challenges and opportunities.

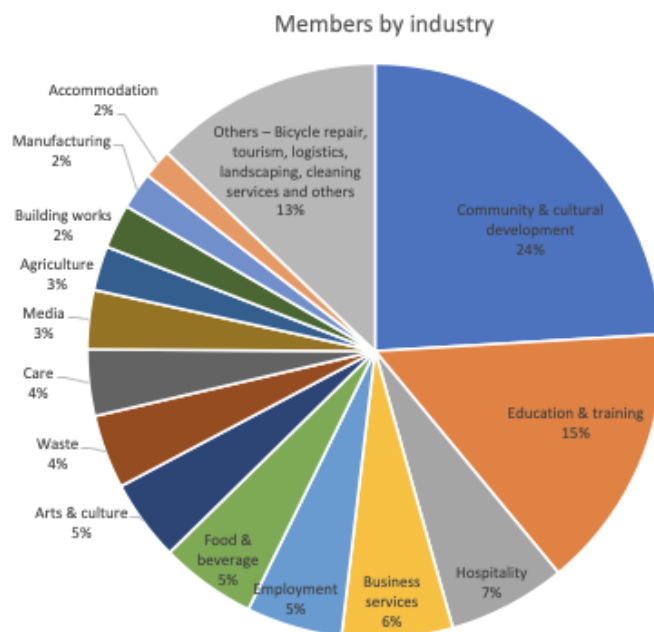
Just under 1,000 attendees at SENVIC events in 2020. The Conversations Circles program created peer-learning opportunities to explore issues and build the sector's voice through a curated program of topics and forums, documented in partnership with the RMIT Social Innovation Hub.

STRENGTH

SENVIC provides a spectrum of support that harnesses peer-learning. Social enterprise has unique challenges and opportunities that are not captured by mainstream business or not-for-profit learning and development programs.

We cover the diverse needs of social enterprises – from explorers, start-ups to mature social enterprise – and partnered with Social Enterprise Academy to bring globally recognised learning from 15 countries and with 14 years of experience.

We catalysed two sub-networks; a geographical (Gippsland) and a food system network (Moving Feast). The Gippsland Social Enterprise Collective is a collaborative partnership between Wellington Shire, LaTrobe Valley Authority, The Centre for Rural Communities, Reactivate LaTrobe Valley, Venus Bay Community Centre, Snowy Advisory and GippsTech. The sub-network aims to



build awareness of social enterprise across our region, as well as foster community networks and provide support mechanisms to help these social enterprises thrive.³ Moving Feast is a food system sub-network in metropolitan Melbourne, harnessing tenacious and creative place-based collaboration with complexity science to create a system approach to wicked problems. Moving Feast united over 30 social enterprises to build strong community assets and measurable social outcomes.⁴

We are supporting the establishment of new social enterprise hubs/clusters and seeking more place-based innovation. SENVIC is exploring the opportunity to have a presence in the Melbourne Customs Square Social Enterprise Hub, led by Good Cycles. The hub would anchor SENVIC networking and development activities in the CBD and be a launchpad for outreach and growth.

INFLUENCE

SENVIC is embracing this historical moment for the social enterprise movement with:

- our leadership role in the establishment of a national social enterprise voice (ASENA).
- initiating a national collaboration to develop a national Social Enterprise Strategy.
- thought leadership and significant presence at SEWF 2020.

THE YEAR AHEAD

CONNECTION

- Consolidate SENVIC's role as the peak body for the sector - the ecosystem coordinator, hyper-connector and gateway for partnerships.
- Catalyse social enterprise hubs to create place-based solutions in metropolitan and regional areas.
- Catalyse thematic sub-networks that harness social enterprise expertise and capacity to solve complex problems and establish cross-sector, cross-portfolio partnerships.

STRENGTH

- Establish SENVIC as separate legal entity and charity in early 2021 and diversify its revenue.
- Build a network of metropolitan SENVIC representatives embedded in Metropolitan Partnerships and LGA infrastructure.
- Develop strategic partnerships across government to increase market access and link sector capability with portfolio priorities.
- Collaborate with sector leaders to develop a commons of policies, tools and materials that support micro and small social enterprises to scale.

INFLUENCE

- Activate collaboration across the social enterprise ecosystem with an expanded digital capability.
- Increase the visibility and recognition of social enterprise:
 - Working with Social Traders to launch an online directory of Victorian social enterprises.
 - Launching inaugural SENVIC Awards in 2021.
 - Building story-telling capacity of small to medium social enterprises.
 - Expanding government networks to showcase social innovation and explore new collaborations.

³ See <https://senvic.org.au/about-senvic/senvic-gippsland/>

⁴ See <https://movingfeast.net>

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- Lead Victoria’s consultation on a draft National Social Enterprise Strategy in early 2021.
 - Catalyse collaborative system change by harnessing system and design thinking in cross-sector partnerships.

ECOSYSTEM COORDINATION IS PARAMOUNT

The current support ecosystem is sub-optimal and needs coordination. A high-functioning ecosystem requires diverse input from practitioners, intermediaries and coordinated connections.

To tackle the complex problems we are facing, we need far greater collaboration, and the collective capacity to move from activities to systems.

Government must invest in the creation of an ongoing leadership group, similar to the Strategy Reference Group, that includes key actors in the social enterprise ecosystem and ensures greater collaboration, coordination and innovation in the years ahead.

WE UNITE A DIVERSE AND COMPLEX ECOSYSTEM

SENVIC brings together an immensely diverse community, trading in over 20 industries throughout Victoria.

SENVIC presents a united voice to government and to the wider ecosystem. Our activities are anchored around three pillars - building a connected community of social enterprises and enablers, strengthening the community with the skills and capacity needed to thrive, and being an independent and collective voice.

Practitioners or social entrepreneurs are at the heart of the ecosystem. SENVIC welcomes everyone committed to social enterprise, from the serial entrepreneur, to the local neighbourhood house and curious student with an idea. SENVIC’s associate members are essential enablers and vital to the success of Victoria’s social enterprise ecosystem. SENVIC provides enablers with opportunities for connection, partnership and collaboration.

SENVIC helps practitioners to secure additional resources (such as talent, finance or information), to learn, to uncover opportunities for social innovation or to find professional support and belonging. Network capital is an intangible but essential element of entrepreneurial ecosystems.⁵

Together, SENVIC creates the connectedness, relationships and bonds that support practitioners to activate their social enterprise and strengthen the entire ecosystem.

SENVIC is demonstrating how the practitioner’s voice is improving the performance of actors in the ecosystem, creating momentum and attracting people as participants, supporters or observers.

“The primary purpose of a startup community is to help [social] entrepreneurs succeed. ... Without [social] entrepreneurs, there is no startup community. If the [social] entrepreneurs are not succeeding, the next generation will leave, and entrepreneurship will stall.”⁶

⁵ See Brad Feld and Ian Hathaway, *The Startup Community Way: Evolving an Entrepreneurial Ecosystem*. (2020; Wiley).

⁶ Ibid. at 41.

The Government must have an ongoing commitment to support SENVIC increase its impact through the new Strategy, as the network is incorporated and explores revenue options. For example, the Scottish Government continues to provide core funding to SENSCOT in recognition of the network's significant value and contribution to the social enterprise ecosystem.

RECOMMENDATIONS

- Consolidate SENVIC's central role in the Victorian social enterprise ecosystem - connecting, building and catalysing change - with core funding continued and enhanced to deliver the networks expanded role under the next Strategy.
- Build on SENVIC's regional model with further investment to increase the capacity of SENVIC's local leads - to build sub-networks, partner with government agencies and collaborate across portfolios - and to extend the local lead model to metropolitan Melbourne.
- Resource ecosystem coordination and collaboration that maximises the impact and effectiveness of social enterprise intermediaries and oversee Strategy implementation. This should include investment in:
 - the establishment of an ongoing leadership group, similar to the Strategy Reference Group, that includes key actors in the social enterprise ecosystem and ensures greater collaboration, coordination and innovation in the years ahead.
 - the establishment of a fund, administered by SENVIC in collaboration with the sector leadership group, to support increased coordination and collaboration between social enterprise enablers.
 - ACRE and specialist regional/rural social enterprise intermediary to enable the success of the Strategy beyond metropolitan Melbourne and other major cities.
- Work with SENVIC to support the establishment of social enterprise hubs and social innovation clusters in metro and regional areas.

Theme 1: Skills and capability development

DIVERSITY AND CHANGE

There is no "one size fits all" and the needs of our social enterprise community are not static. Victoria's social enterprise community are a broad spectrum of business models, legal structures, industries and stages in the life-cycle of an enterprise.

Needs are expanding and becoming increasingly complex as more social enterprises add inclusive and environmentally sustainable missions.

These characteristics impact broad access to resources and tailored learning and development.

To improve the adaptive capacity of learning providers, there is a critical need to enhance coordination, yet intermediaries have limited capacity to collaborate and coordinate learning offers to social enterprise.

GAPS AND COORDINATION

Learning and development offerings are fragmented, resulting in duplication and inefficiencies.

Needs are still unmet. Learning is not accessible, particularly for micro/small to medium social enterprises and for regional communities.

Learning gaps include:

- building the adaptive capacity of communities for social and economic participation and capability to start a social enterprise - now is the time to invest in community-led economic recovery.
- systems approaches to collaboration and complexity - for social enterprise to tackle systemic challenges for government, we need system experts to build complex adaptive solutions and widespread behaviour change.
- skills and strategies to achieve product/market fit and scalability - the perennial problem for impact businesses is establishing a strong customer base.
- collaboration skills for collective scaling up - social enterprises are tenacious collaborators but improved skills and strategies will transform CSR and social procurement.
- before start-up expert legal advice from Justice Connect and mentorship - Many social enterprises start without advice from social enterprise experts and practical experience, resulting in significant unintended consequences.
- sponsored social enterprise mentorship programs - Peer-to-peer learning has been demonstrated globally to provide social entrepreneurs with potent support and guidance.

SENVIC is uniquely placed as the interface between government and the social enterprise ecosystem, to coordinate and steer collaboration. SENVIC (with Social Enterprise Academy) provides access to a spectrum of learning and development suited to peer-to-peer learning. These programs are critical to welcome newcomers, to scale the sector and build social entrepreneurship. SENVIC is exploring partnerships with other learning providers to fill gaps and ensure coverage state-wide.

There is an ongoing role for government to fund intermediaries that have a track record for delivering quality learning, tailored to social enterprise and are anchored in Victoria's ecosystem. Lessons from overseas suggest that increased investment in social enterprise learning can lower standards and result in 'social-washing' by new entrants. Social enterprise welcomes intermediary competition provided measures are in place to maintain standards and prefer social enterprise intermediaries and well-established providers.

RECOMMENDATIONS

- Address the identified gaps and explore avenues for increased coordination and collaboration between learning service providers.
- Expand SENVIC's practitioner-led learning programs to drive community-led recovery and to build the adaptive capacity of communities across regional and metropolitan areas.

Theme 2: Access to affordable and appropriate capital

FRAGMENTATION AND UNMATCHED SUPPLY

As with the previous section, there is no “one size fits all”. The social enterprise community includes a broad spectrum of types of organisations, industries and stages in the life-cycle.

Anecdotally, the availability of affordable and appropriate capital appears to be contracting. In regional areas, access has always been wanting.

Social finance market remains fragmented and difficult for social enterprises to navigate.

COORDINATION AND DEMAND-LED SOCIAL FINANCE

The forthcoming SII Taskforce Report will create an opportunity for Victoria to leverage its recommendations and create synergies, and to advocate for federal reforms that create more favourable conditions for social enterprise.

The risk-return-impact calculation should steer governments to prefer social enterprise over mainstream business and the charity sector. Policy and regulatory levers should create incentives for investors to support social enterprise and for organisations to become a social enterprise.

Demand-led social finance should be encouraged including low expectations of financial return, the ability for flexible repayments, ‘patient’ loans and blended finance.

Coordination of social finance and greater collaboration can serve to close gaps and weaknesses in current offerings and facilitate new partnerships to create innovative financial solutions.

Similarly, greater coordination is required to guide social enterprise to appropriate social finance and coordinate with the sector.

RECOMMENDATIONS

- Create a new fund to improve access to capital/finance by filling gaps statewide and between funding streams that are currently focused on metropolitan areas and social enterprises that have already achieved scale.
- Support SENVIC to facilitate sector engagement and coordination and to enable social enterprise to navigate and select appropriate social finance.
- Victoria must take a leadership role nationally to activate federal government levers. Capital, finance and superannuation funds should have incentives to support social enterprise and encourage existing businesses to become social enterprises. Other levers are noted above.
- Harness Federal Budget 2020 impact investing funding for Victoria’s housing and homelessness agreements for social innovation pilots.
- Leverage the recommendations of and create synergies with the SII Taskforce.

Theme 3: Growing the market for products and services

INCREASED VISIBILITY AND RECOGNITION

Social enterprise remains hidden and hard to find. International experience demonstrates that the entire social enterprise ecosystem benefits from increased visibility, confidence and recognition of social enterprise. Government has several levers available to support growth.

Confidence and assurance

Certification of social enterprises by Social Traders is vital to support the growth of the sector. Social Traders' education, assessment and audit functions are foundations for building consumer and buyer confidence in Victoria and nationally. All governments have a significant interest in that institutional role becoming more accessible and inclusive. As the sector grows, the integrity of Social Trader's oversight will be brought into greater focus and increase in value. Now is the time for all governments to recognise Social Traders' public value and support its establishment as the national body for social enterprise certification.

Victoria should be active at the national level to consolidate the oversight role of Social Traders and seek matching investment from governments to support a unified approach to social enterprise certification.

73 per cent of SENVIC members self-identify as social enterprise, but are not certified. 66 per cent of metro Melbourne, and 90 per cent of regional Victoria.

In addition to asymmetries between social procurement demand and supply, a key reason is the time and cost of compliance for micro and small enterprises. While certification is targeted to existing B2Bs, consumer-facing social enterprises seek to expand their customer base to achieve product/market fit and scalability through social procurement opportunities.

SENVIC is working collaboratively with Social Traders, DJPR and key stakeholders to develop innovative models that support micro and small social enterprises to become certified.

Visibility and recognition

SENVIC promotes collaborative efforts to increase visibility and recognition of social enterprise products and services. SENVIC is working with Social Traders on the launch of a Victorian online directory in the coming months and the development of a promotional campaign.

An online directory of social enterprises is a key feature of thriving social enterprise globally. The directory should be a practical gateway for consumers, business and government to switch supply chains to social enterprise. As an emerging sector, it is important that the directory is inclusive and showcases both certified social enterprises and un-certified SENVIC members.

In September 2020, Social Enterprise UK reported on the first four years of the 'Buy Social Corporate Challenge'. Outcomes include:

- £91.5 million spent by the private sector with social enterprise suppliers.
- 1,253 jobs have been directly or indirectly created at social enterprises.

The Victorian Government is urged to collaborate with the sector and invest in the establishment of a similar campaign that harnesses Corporate Social Responsibility (CSR) commitments and grow Victoria's social enterprise sector.

A statewide promotional campaign, supported by incentives and integrity measures, will increase understanding of the benefits of buying from social enterprises. This campaign should be developed in collaboration with the social enterprise leadership group.

The strategy should compliment and partner with other government-supported campaigns, for example, "Click for Vic" and "buy local" campaigns. We note that the Queensland Social Enterprise Council (QSEC) recently launched the 'positive action with every transaction' media campaign to increase the visibility of the sector.

Beyond promotional campaigns, we need more forums that bring government, business and community-leaders together to realise the value and opportunity of partnering with social enterprise. SENVIC is developing a network of social enterprise leaders and has begun nominating representatives to Regional Partnership Boards, with metropolitan boards to follow in 2021. The next step will be to develop networks that are system-focussed, bringing together industry, sector or portfolio leaders to explore opportunities for social innovation.

THINK BIG: HOLISTIC STRATEGY TO SCALE COLLECTIVELY

Social enterprise should be the feather in every Minister's cap.

A refreshed 'Map for impact' aimed at policy-makers could promote social enterprise as case studies for successful social innovation in every government portfolio and in every electorate.

Public sector buying power has not been fully activated. All levels of government and statutory agencies should be required to comply with an enhanced Social Procurement Framework (SPF).

Government should ensure the legacy of these initiatives by embedding social enterprise as a preferred supplier in legislation.

The SPF is a comprehensive framework and recognised globally, but there are opportunities to strengthen it in the next Strategy. The SPF itself is considered by many to be a change management piece for procurement policy, systems and procedure. It is only the start of a process to harness public sector buying power.

The Victorian Government should commit to an ambitious whole-of-government target of social procurement spending over the next five years.

The SPF should include ambitious mandatory requirements that are rewarded with a minimum of 10 per cent weighting for compliant tenders.

90% of SENVIC's regional members and 66% of metropolitan members are locked-out of the benefits of the SPF by not being certified with Social Traders. Barriers to certification can be overcome through innovative partnerships and sponsorships embedded into tenders and PPPs.

Social enterprises are tenacious and creative collaborators and the opportunities to scale collectively have not been adequately explored:

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- SENVIC can drive community collaboration to establish large-scale social enterprises that meet demand from major procurement. For example, a community-owned wind farm (like Daylesford's Hepburn Wind) or petrol supplier (like Yackandandah Community Development Company (TCDCo)) could be established with, and then supply to, a major infrastructure project in the area.
 - Enable alliance commissioning involving multi-agency funding under the same contract. For example, the UK's Plymouth City Council Social Services model demonstrates the efficiencies of government agencies co-funding programs that seek to address a number of different social issues through a coordinated program.

The PPP is a natural vehicle for social enterprise. The PPP framework should include minimum spending levels and measures that scale up social enterprise spending over the life of the PPP.

IMPACT BEYOND PROCUREMENT

Social enterprise should be actively supported and incentivised through mainstream business development programs - including Business Victoria, LaunchVic and Small Business Victoria - and sector specific programs where social enterprise is active - from Agriculture Victoria to Visit Victoria. SENVIC is keen to integrate these agencies in a cross-sector social innovation strategy.

Social enterprise should be promoted as the preferred business model for our time. As the economy contracts and succession planning begins for baby-boomers, an opportunity emerges to incentivise business to consider the social enterprise model for their business (including community and employee ownership models) or to collaborate with social enterprises more broadly for procurement opportunities.

Government asset management should be required to unlock vacant government tenancies and create incentives for vacant sites to be accessed for social enterprises to activate across the State.

Planning decisions should include preferential opportunities for micro social enterprises to establish in new developments, alongside social housing and other requirements.

SENVIC's learning programs (partnered with Social Enterprise Academy) bring local social entrepreneurs and community leaders together, enabling government to build partnerships and see the value and opportunity of the social enterprise sector.

The suite of recommendations will transform supply chains and take an ambitious step towards an inclusive and sustainable economic recovery.

Recommendations

- Invest in a promotional strategy developed with Social Traders, SENVIC and sector leaders that will raise awareness, understanding and recognition of social enterprise.
- Partner with other government promotional strategies to embed and showcase social enterprise in "Click for Vic" and "Buy local" campaigns.
- Invest in SENVIC's local leadership and build capacity to partner with government agencies, including Regional Development Victoria and Metropolitan Partnership Boards, and to develop social innovation networks that are system-focussed.

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- Map and promote social enterprise as case studies for successful social innovation in every government portfolio and in every electorate.
 - Build local government and public sector skills and capacity through the SENVIC/SEA's program that brings community-leaders and entrepreneurs together with enablers.
 - Require all levels of government and statutory agencies to comply with an enhanced SPF.
 - Commit the Victorian Government to an ambitious whole-of-government target of social procurement spending over the next five years.
 - Strengthen the Framework with ambitious mandatory requirements that are rewarded with a minimum of 10 per cent weighting for compliant tenders.
 - Explore innovative models to extend social procurement to uncertified social enterprises including sponsoring certification and flexible models for collective scaling.
 - Embed social procurement into the PPP Framework and provide a 15 per cent weighting for tenders that comply with the Social Procurement Framework. PPPs should have additional requirements including locating social enterprise in new infrastructure, spending levels and measures that increase social enterprise purchasing each year of the PPP.
 - Social enterprise should be actively supported and incentivised through mainstream business development programs - including Business Victoria, LaunchVic and Small Business Victoria - and sector specific programs where social enterprise is active - from Agriculture Victoria to Visit Victoria.
 - Promote social enterprise as the preferred business model. As the economy contracts and older business-owners approach retirement, social enterprise (including community and employee ownership models) should be presented as the business model of choice for the next generation.
 - Require Government asset management to unlock vacant tenancies and create incentives for vacant sites to be accessed for social enterprises to activate across Victoria.
 - Planning decisions should include preferential opportunities for micro social enterprises.

Theme 5: Social impact and performance measurement

INCONSISTENCY AND WASTE

Impact measurement at the enterprise level is wasteful and cannot be sustained.

Inconsistent impact measurement approaches by government, investors, funders and sponsors creates inefficiencies that social enterprise is required to carry. A small business in any other sector would not be expected to shoulder this regulatory burden.

But Victoria cannot solve this alone.

The Victorian Government must take a lead role to work with the sector in Victoria and nationally, to develop a consistent social impact measurement framework.

COORDINATED CRITERIA

A nationally consistent impact measurement framework should be developed by universities in consultation with networks, government and intermediaries.

The framework should embrace the diversity of social enterprise activities and adjust measures based on the intended social outcome of the social enterprise. For example, measure outputs for simple problems, outcomes for complicated problems and approaches suitable for system changes if dealing with complex or wicked problems.

There is a danger that a simplified measurement framework disadvantages ambitious social innovation and complex problem-solving. The framework must have the opposite effect. Government needs social enterprise to tackle the large, complex problems we face, from climate change and intergenerational isolation, to family violence and decolonising the criminal justice system. The new framework must be embedded in central agencies⁷ and intentionally promote social innovation and collaborative efforts to respond to the complex systems.

The next Strategy should seek to achieve that outcome, to bring uniformity and consistency in the impact economy, build confidence and credibility in performance reporting and replace the piecemeal approach to impact measurement in Australia.

RECOMMENDATIONS

- The Victorian Government must take a lead role in developing nationally consistent social impact measurement framework. The government should work with key stakeholders to ensure buy-in for the new framework by intermediaries and all levels of government.

⁷ Leverage whole-of-government programs on social innovation (<https://www.vic.gov.au/promoting-and-supporting-innovation-public-sector>) place-based innovation (<https://www.vic.gov.au/framework-place-based-approaches-7>) and community innovation (for example, <https://engage.vic.gov.au/victorian-african-communities-action-plan-grants/community-innovation>).