

Alliance of Social Enterprise Networks Australia  
(ASENA)

# Social Impact Investing Taskforce

ASENA Submission – May 2020

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**Social  
Enterprise  
Network  
Victoria**

**SECNA**



 **WA SEC**  
Western Australian Social Enterprise Council

**Impact  
North**

 **sase**  
south australian  
social enterprise  
council



## Joint Submission

### Introduction

The Alliance of Social Enterprise Networks Australia (ASENA) welcomes the opportunity to comment on the interim report of the Social Impact Investing Taskforce.

Jointly, we represent the interests of over [20,000 social enterprises](#) across Australia. Our network informs and services the entire Australian social enterprise community, ranging from emerging social entrepreneurs and startups, to intermediaries and enablers; encompassing all industry sectors and spanning small, medium and large-sized social enterprises.

**We support the development of an action plan on impact investment for Australia.** With the [Treasurer's prediction on 12 May 2020](#) that GDP will fall more than 10 per cent in the June quarter, representing the biggest fall on record, increasing social impact through a thriving social enterprise sector will be an important market-based driver of a new economy that is more just, inclusive and sustainable.

This submission sets out key priorities for ASEA. We would welcome the opportunity to discuss these with the Taskforce.

## About ASEA

ASEA is the alliance of the seven social enterprise networks representing each state and territory of Australia.

Building on past cooperation and collaboration, ASEA was formed in 2020 to create a strong, united voice representing the interests of the burgeoning social enterprise community.

ASEA is an alliance of:

- Social Enterprise Network Victoria (SENVIC)
- Social Enterprise Council of NSW and ACT (SECNA)
- Queensland Social Enterprise Council (QSEC)
- South Australian Social Enterprise Council (SASEC)
- Western Australia Social Enterprise Council (WAsec)
- Social Enterprise Network of Northern Territory (Impact North)
- Social Enterprise Network of Tasmania (emerging).

These membership-based non-profit organisations create thriving social enterprise communities through sector leadership, advocacy, networking and learning and development opportunities.



In each jurisdiction, these are the key peak bodies for the social enterprise community and represent an important and effective pathway for government consultation and coordination with the sector.

## Recommendations

ASENA recommends that an action plan for impact investment in Australia include a recommendation that the Australian Government develop a National Social Enterprise Strategy that builds on the success of strategies in Victoria and Queensland. The Strategy should create a 10 year national vision and action plan which represents the diversity of the sector and supports sustainable, social and environmental and economic recovery. The Strategy should further provide direction for all levels of government on the opportunities for government to support social enterprise.

ASENA has identified three priority actions for inclusion in the Strategy and in the Taskforce's impact investment action plan:

1. Develop an effective and coordinated framework for approaching **outcomes/impact measurement** nationally.
2. Deliver a **National social enterprise census** so that the economic contribution along with the community and environmental benefits of the social enterprise community can be recognised and measured consistently.
3. Drive the creation of a cooperative **National Impact Fund** to address the current limited scope of existing funding pools and unlock impact-led initiatives to counteract the social and economic disruption caused by COVID 19.

These priorities are foundational steps required to effectively define the scope and accelerate the depth of social enterprise's impact in Australia. Victoria and Queensland have benefited from clear strategic direction and action plans to develop the social enterprise community and increase social procurement. The lack of a national strategy and investment in the sector's supporting infrastructure leaves gaps and inconsistency across jurisdictions.

## National Social Enterprise Strategy 2030

ASENA requests that the final report of the Social Impact Investing Taskforce recommend the Australian Government develop a National Social Enterprise Strategy that builds on and expands the strategies in Victoria and Queensland of the respective state governments to encompass the diverse nature of the social enterprise sector. The first national strategy should create a 10 year national vision for the sector and support purpose-led economic recovery.

The economic effect of the pandemic has highlighted our economic interdependence and revealed vulnerabilities. The social enterprise community seeks to build a more inclusive economy which empowers culturally and socially diverse communities such as Aboriginal people, people with a disability and people experiencing long term unemployment or mental health and social displacement.

Increasing employment, training and skills development opportunities is a central, core theme of increasing importance in the context of COVID-19. In addition, social enterprises are designed to drive critical social outcomes through cultural, social and environmental systems change which align with the United Nations 17 Sustainable Development Goals.



The Strategy will be developed with the social enterprise sector and provide direction for all levels of government on the opportunities to support social enterprise. The Strategy will identify initiatives that provide opportunities of resilience during and beyond recovery from COVID-19. The Strategy will embrace innovative industries to develop new markets for energy, construction, manufacturing, agriculture, resource harvesting and support for circular economies. The Strategy will also look to develop an effective and coordinated framework for approaching impact investment readiness nationally.

We must be forward looking, to create a new economy that is inclusive and circular, and not solely focused on 'recovering' or returning to conditions that previously left us vulnerable, disempowered and welfare-dependent in response to a crisis.

The balance of ASEA's submission sets out three priority actions for inclusion in the Strategy and in the Taskforce's action plan.

## Priority One

### Develop an Effective and Coordinated Approach to Outcomes/Impact Measurement

Outcomes/impact measurement is a critical element for impact investment - without it, it's just investment. As such, ensuring integrity around measuring outcomes is critical to ensure the government, business and investor confidence required to effectively build the market. Our comments here, however, are based less on the investor perspective, and more on the experiences of the social enterprises that we represent.

Ensuring consistency in outcomes measurement nationally, and maintaining high quality of evidence is important. However, it is the position of ASEA that the burden for measuring outcomes should not sit with individual social enterprises.

Our specific recommendations under this priority are therefore:

1. Develop a **National Outcomes Measurement Strategy**. The Strategy will map relevant jurisdictional and international frameworks to articulate the links and connections between them; and identify the consistent language that should be used, rather than developing yet another Framework. This should reference the Sustainable Development Goals, the Outcomes Measurement Frameworks developed by State Governments across most Australian jurisdictions, the Closing the Gap indicators (once agreed), and a plethora of others.

*Example: In Western Australia, the Department of Premier and Cabinet, the Department of Finance and Treasury worked with the WA Council of Social Service to undertake a similar process for the State. The resulting WA Whole of Sector Outcomes Measurement Framework is still in development, but it has been developed as a result of mapping the various other relevant frameworks and strategies in place across WA with the intent of creating consistent language and focus across the community and public sectors.*

2. The Outcomes Measurement Strategy should identify, resource and track a **series of cross-institutional, longitudinal action research studies** which the sector agrees would provide the evidence for the logic between short-medium-long term outcomes that social enterprises work towards (e.g. 100 Families).

Social enterprises have an obligation to ensure they have impact given the nature of social enterprise - but they should not need to take on the extraordinary burden of measuring all the way through to impact. The system should absorb that burden somewhat. Social enterprises themselves should then only need to demonstrate fidelity to activities, outputs, short-term outcomes, and to the quality of their activities.

In this way, the system holds the burden of the ‘proof’ through to longer term outcomes, as it should. Measuring outcomes is a goal for our entire society. The stakeholders that can afford to take more of that burden should, and social enterprises should focus on creating the impact rather than spending time and resources trying to measure outcomes (with a lack of capacity and capability to do so).

3. Build **understanding and capability in outcomes** across the sector, to build an outcomes measurement culture and orientation, and ensure we have a shared language across the sector.

## Priority Two

### Deliver a National Social Enterprise Census

ASENA recommends that funding be provided to conduct Australia’s first national social enterprise census to spotlight the activities, features and impact of social enterprise in Australia.

Australia’s Social Enterprise Census should form part of a 10-year strategic commitment from the government to track the development of the sector.

A census or national survey is a key foundation piece in countries with a thriving social enterprise sector. Scotland’s Social Enterprise Census commenced in 2015 and is repeated every two years. It produces reports on the scale, reach and contribution of social enterprise activity across Scotland as well as characteristics, prospects and needs of the organisations behind it. Similarly, Canada’s first Social Enterprise Sector Survey was conducted in 2013-14, providing the first snapshot-in-time profile of the impact of social enterprise across Canada to inform procurement, training, investment and supporting policy action.

The data collected in the census is valuable for all parts of the social enterprise ecosystem including policy makers, investors, intermediaries and others seeking to understand the opportunities from having a thriving social enterprise sector. For example, the census provides evidence that social enterprises:

- embrace diversity in employment, both overall and in key executive and management positions.
- strive for fair executive remuneration, reporting on the average pay differentials between highest and lowest paid within social enterprises.
- are active in a wide variety of markets and with divergent scales of trading.
- make a significant contribution to the economy, enabling comparisons to be drawn.
- create social and environmental value that supplements the public value created by the government. For example, public value generated by social enterprise includes a demonstrated increase in place-based employment and volunteering opportunities,



increased employability, increased participation in local communities and improved health and wellbeing.

Australia's first Social Enterprise Census will build on past mapping projects (including the FASES Research in [2010](#) and [2016](#) and Victoria's [Map for Impact](#)) and seek to harmonise methodologies from Canada, Scotland and other jurisdictions.

## Priority Three

### Drive the creation of Cooperative National Impact Fund for social enterprise development and impact-led initiatives

ASENA recommends that the Australian Government drive the creation of a **Cooperative National Impact Fund** to address gaps in impact finance and provide appropriate finance that will stimulate social entrepreneurship and the social enterprise market more generally. Existing funding instruments leave significant gaps in impact delivery, lacking incentive or mechanisms for social enterprise growth and ecosystem development. The current models of funding either favour high yield investments, more established organisations with lower risk profiles, or purpose-led grants for a specified scope, which limit the application of funds towards a narrow brief. As a result, existing funding pools do not adequately meet the needs of many social enterprises that remain small and have relatively modest ambitions for growth.

More broadly, the Cooperative Fund will support the development of a strong supply of finance that is responsive to the diverse social enterprise community. The Fund will bring together investors, grant-providers, lenders, donors and other financial sources to design creative and inclusive social finance pipelines. The Fund will use doughnut economic principles for financial solutions which generate new opportunities for blended capital (mixing grants and loans), payment-by-impact mechanisms and matched-funding partnerships to build, grow and foster the social enterprise sector and impact-led initiatives to counterpoint the extended social and economic disruption caused by COVID 19.

## Conclusions and Recommendations

On 12 May 2020, the [Treasurer](#) stated that “unleashing the power of dynamic, innovative, and open markets must be central to the recovery”.

Social enterprise harnesses entrepreneurial innovation and market creativity beyond mainstream business. We use the market with purpose, to generate public value in areas where government and business have failed. Social enterprise represents the most impactful yet under-utilised lever available to the Australian Government to create a stronger, crisis-resilient economy.



ASENA has identified three priority actions for inclusion in the National Social Enterprise Strategy and in the Taskforce's impact investment action plan:

1. Develop an effective and coordinated framework for approaching **outcomes/impact measurement** nationally.
2. Deliver a **National social enterprise census** so that the social enterprise community can be identified and its achievements measured consistently.
3. Drive the creation of a cooperative **National Impact Fund** to address the current limited scope of existing funding pools and unlock impact-led initiatives to counterpoint the social and economic disruption caused by COVID 19.

ASENA stands ready to facilitate further engagement in the work of the Taskforce with social enterprises right around Australia.

The affects of the global pandemic has highlighted how important it is in economic recovery to ensure our economy is more inclusive than it has been to date. This is the *raison d'etre* of social enterprise and it aligns with the Australian Government's market-based vision.

## Further information

For enquiries please contact [hello@asena.org.au](mailto:hello@asena.org.au).

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