



# Growing WA's social enterprise sector for Western Australia's future economy, through State Government support

2022 - WA Social Enterprise Council

*(with thanks to the WA Youth Public Policy Institute for their generous support)*



# The WA Government can support job creation and social impact outcomes through strategic support of WA's social enterprise sector



## Situation

1

WASEC works with social enterprises to create a thriving, collaborative social enterprise sector in Western Australia. WASEC provides the SE sector with a collective voice to achieve shared outcomes for a diversified, inclusive WA economy

## Complication

2

WA's social enterprises are as diverse as the communities and business sectors they operate in, encompassing both non-profit, cooperative, and for-profit businesses. However, they all have a mission to create social, cultural, environmental and economic impact through their businesses.

## Question

3

How can the WA government support this growing sector which is part of a global movement, and ensure WA attracts the best talent and growth capital for it, in a competitive market?

## Approach

4

Adapting and applying proven, best-practice policy solutions from other States that alleviate barriers to growth for WA's social enterprises.

WASEC encourages the WA State Government to support three evidence-based key policy recommendations

**Priority areas this Strategy will address include:**



### **Recommendation 1**

Fostering a connected social enterprise ecosystem would allow organisations to knowledge share, connect with stakeholders and bridge the regional gap



### **Recommendation 2**

Developing the general business skills of social enterprises allows social enterprises to create sustainable business models



### **Recommendation 3**

Improving access to expansion capital allows social enterprises to receive the financial support needed to grow rapidly

# Recommendation 1: Fostering a connected social enterprise ecosystem would allow organisations to knowledge share, connect with stakeholders and bridge the regional gap



## A connected ecosystem can be built through...



Networking opportunities for stakeholders from business, philanthropy and government to engage with each other.



Regular events for the social enterprise community to connect, especially between regional and metropolitan areas.



Raising the profile of the social enterprise sector through media recognition of the growth and potential of the sector.



Leverage expertise of individuals within the social enterprise community to knowledge share.

## The pain points being addressed are...



The WA SE sector is disconnected from stakeholders, including government representatives, as well as potential investors and advisors in the business and philanthropic communities.<sup>1</sup>



There is a geographic divide between regional social enterprises and those in metropolitan Perth.<sup>2</sup> This prevents community-building and opportunities to network and knowledge share.



Key stakeholders and potential customers of social enterprises are not aware of the growth and capacity of the sector.



People often work in silos within social enterprises and lack the expertise in crucial areas such as business management, accounting, marketing, and customer relations.<sup>3</sup>

# Case Study 1: The Queensland Social Enterprise Council (QSEC) has demonstrated the efficacy of targeted peak body connectivity initiatives to accelerate SE growth



## Problem

WA SEs lack community awareness and recognition networks, hindering growth. This is exacerbated by an isolated and unconnected landscape.



## Solution

Development of a connected social enterprise ecosystem through initiatives administered by a peak body for social enterprise in WA, such as WASEC.



## Impact

Network building initiatives incentivise resource sharing and collaboration and accelerate the maturation of SEs.

## Queensland Social Enterprise Council (QSEC) SE sector *regional development and digital mapping programs* analysis

➤ Description: Reset and Recovery Program funded by the QLD government and administered by QSEC in 2020.

➤ Timeline: These programs were delivered in a periodically across numerous identified regional hubs from January to October 2021.

➤ Objective: This funding enabled QSEC to research, build resources and implement social enterprise support programs in regional QLD.

➤ Outcome: This enabled QSEC to establish a member website with public resources for SEs of all maturity stages. This coupled a mapping component connecting the public to local SEs. It's platform also connected SEs to collaborate and share resources.

## Recommendation 2: Developing the general business skills of social enterprise staff allows social enterprises to create sustainable business models



### Business skills of staff can be developed by...



Providing individual consulting services for social enterprises, tailored to their unique business goals.



Running workshops to upskill social enterprise staff, supported by government training packages.



Partnering with vocational education training institutions to provide training courses.



Recruiting expert staff into roles designed to support social enterprises' business development.

### The pain points being addressed are...



Social enterprises lack sustainable business structures and do not have access to tailored advice to develop a sustainable structure.<sup>4</sup>



Social enterprise staff often lack crucial business skills which hinders their growth and performance.<sup>4</sup>



Social enterprises often struggle to balance competing objectives of profitability and impact.



There is no central place social enterprise staff can go to for affordable, expert upskilling they require.<sup>5</sup>

# Case Study 2: The Victorian government invested in upskilling opportunities for SEs leading to accelerated growth and impact



## Problem

WA SEs are lacking some of the business development expertise to develop sustainably. Specifically, there is a vacuum of legal, finance and governance expertise amongst WA SEs.



## Solution

Access to fully or partially government subsidized training programs from relevant bodies, increasing SE capability.



## Impact

Target infrastructure support supplements the business capabilities of Victorian SEs, increasing viability.

## Victorian Government *Boost Your Social Enterprise Capability Voucher Stream* case study analysis



Description: The Victorian government launched a voucher program in December 2017 to support Victorian SEs to become more productive, employ more people, improve their market access and profitability.



Cost: \$1.62 million over 4 years.



Objective: Build social enterprise capabilities in three main areas: market engagement, innovation, business capability.



Outcome: From 2017-2021, 59 social enterprises benefited from a total of 74 vouchers which were used to access specialist expertise from registered service providers.

## Recommendation 3: Improving access to expansion capital allows social enterprises to receive the financial support needed to grow rapidly



### Access to expansion capital can be improved by...



Establishing social procurement partnerships, in addition to comprehensive grant programs.



Continuing widespread certification of social enterprises to boost consumers' confidence in social enterprises.



Creating online resources to help SEs understand which funding they are eligible for.



Providing networking opportunities with potential investors, including high net wealth individuals and philanthropies.

### The pain points being addressed are...



Social enterprises have significant capacity to provide valuable services to government agencies, however, this is underutilised.



Consumers do not always have confidence in or awareness of social enterprises' capabilities.<sup>6</sup>



Government grants for social enterprises looking to expand are insufficient. Additionally, looking for grants that suit social enterprises' industry and maturity is time-consuming.<sup>2</sup>



Social enterprises lack sufficient funding when they reach expansion stages and need to explore other channels to access capital.<sup>8</sup>



# Case Study 3: The Victorian government improved access to capital which lead to market growth, recognition of SE's and increased supplier diversity within the economy



## Problem

WA SEs require much greater seed funding and expansion capital to accelerate their growth.



## Solution

WA government inclusion of social enterprises in its social procurement framework leverages purchasing power in the market to invest in social enterprises.



## Impact

This framework provides a consistent injection of expansion capital into the SE ecosystem and partners with government to increase legitimacy and consumer confidence.

### Victorian Government's *Social Procurement Framework*

- Description: The Victorian government launched government-wide social procurement framework in 2018 which explicitly references SEs.
- Objective: This framework utilised the state governments buying power and legitimacy to inject large amounts of medium and long-term capital into social enterprises to grow infrastructure and economy.
- Cost: \$100+ million was allocated to social enterprises between FY19/FY20.
- Outcome: In the 2019/20 financial year the VIC government department and agencies directly spent \$14.1 million with certified social enterprises and \$83 million with identified through a statewide mapping project. A total of 352 SEs benefitted from the social procurement framework.

# Thank You

WA Social Enterprise Council



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