

Essay:
A quiet revolution

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Once in a rare while the fundamental architecture of a significant part of society shifts. Over the last two and one-half decades the organisation of the social half of society, led by social entrepreneurs, has done so.

– Bill Drayton, Ashoka, 2002

Life has a way of leading you places. I have surfed on the wave of this transformational shift, this quiet revolution, which puts social value at its core, as my disillusion with the old ways of public policy formation has grown. Party political representative democracy, and its public sector, are unable to adequately respond to many areas of unmet social need. The new model which Bill Drayton describes, rewards initiative, specifically addressing the micro-detail of how society works (and fails) and engages with people wherever they are, whatever their circumstances. In the serendipity of life, this revolutionary approach also fits with the values that led me to seek elected office in the first place; to have a say in debate and policy choices; to harness the best in social innovation to create a fairer, more socially inclusive and economically just society for as many Australians as possible.

Social entrepreneurship is already having an impact on millions of lives, reshaping social, economic and political relations and making the impossible doable. Its impact is clear in politics, in business and in a rethinking of the old tenets of the welfare state. In the current economic situation the lessons from the early stages of this revolution are more important than ever. At the heart of this fundamental social change is a systemic challenge to the meaning of 'value' creation: who decides what matters, who measures that and how? And how is that reflected in national and global economies? It has created new tools to measure value that go well beyond a simple profit and loss account, and ways of making this possible.

I am indebted to my many British friends and colleagues, particularly those at the Skoll Centre for Social Entrepreneurship at Oxford University for the intellectual nourishment I draw on in this essay. Living and working in Britain for nearly six years, I was exposed in an immediate way to dynamic national discussions, a highly developed level of ethical consumerism and to the pressing social problems of Africa.

This made me think again about many of the things I had taken for granted. It also led me to my 'adopted' Ugandan daughter, Olivia, who grew up on the streets and in a church refuge in Kampala, and her project to provide hope and opportunity for the next generation of street children in the same refuge.

But the first catalyst for my public policy interest in a profoundly new way of driving social change was a visit to Australia in 1999 by Andrew Mawson, a United Reformed Church minister who transformed an almost defunct parish in Bromley-by-Bow. Fifteen years earlier Mawson had arrived in the area of run-down housing estates deep in the East End of London, and found a place bisected by motorways, windblown, given over to generational cycles of poverty and unemployment. Over the years 'an army of well-meaning and socially conscious voluntary sector campaigners who had come to the area to do good' had made it their project, but the community lacked a heart. A sense of hopelessness pervaded.

Even by 2001 the census revealed that Bromley-by-Bow ward was one of the most deprived areas of Britain – almost half the people between sixteen and seventy-four had no qualifications; unemployment was three times the national level, a sixth of the unemployed had never worked and a third were classified as long-term unemployed. In the grim 1980s when Mawson arrived it had the highest level of poverty in Britain and he soon realised that countless government schemes over the decades had made no difference. When Mawson arrived in Bromley-by-Bow, his first assignment as a newly ordained pastor, he found a congregation that had dwindled to twelve septuagenarians. Within a ten-minute walk from the disused church people spoke more than fifty languages. He realised that if it was to survive his new church needed to adopt a very different approach.

Over the next couple of years Mawson persuaded his congregation to make the essentially unused assets of rundown church buildings available to the local community to create a multi-racial and multi-faith centre. Mawson's mission took him into the buildings that towered over the church. He knocked on the doors of the suspicious residents of the huge housing estates and talked to them about what they wanted. Along the way he found a few local artists who he persuaded to get involved and teach others their skills in return for rent-free workshops. Santiago, a Chilean political refugee saw an opportunity to use his carving and building skills to restore his spirit, and in the process created a centre for the community. A young woman wanted to teach art and pottery, another wanted to set up a ballet school. Local bureaucrats insisted that the poor would not send children to learn to dance, let alone pay for the classes, but within a year the school of arts was filled with local, fee-paying children.

As the community activities increased it was clear that a kindergarten was desperately needed. Mawson reorganised the schedule of weekday events, so that the unused space could become a childminding centre. More than a decade after he had

begun the task of engaging and empowering this community Mawson again came face to face with the red tape that frustrates so many small businesses with seemingly insurmountable obstacles thus preventing the establishment of innovative and much needed start-ups. But Mawson was not the usual small-business operator with a dream. He did not accept the regulations that made it impossible to set up a childminding centre. Instead he lobbied hard and traded on his growing influence to persuade then Prime Minister Tony Blair to second a Treasury bureaucrat to work on site for twelve months. He told Blair that if civil servants could see the area up close rather than from a desk in far away Whitehall they would be more likely to help find solutions. As a result many of the problems were solved creatively, but still the pace of change was frustratingly slow.

Once the centre was established the socially excluded Bangladeshi mothers met for the first time, as they waited for their children. Over time these women graduated from sharing morning tea to running a community catering company. For most of them it was their first experience of employment in Britain, and their catering business gathered momentum. Other unemployed residents reclaimed and replanted community gardens and gained horticultural and landscaping qualifications along the way.

Mawson's mission had been galvanised in the mid-1990s by the failure of the National Health Service to adequately deal with the terminal cancer of Jean Vallis, an active worker in the community care program and a single mother who was also caring for her elderly parents. She died because she fell through the gaps in the system. When an inquiry was held into her death Mawson was furious as he listened to the face-saving justifications of failed services, of the doctor who failed to inform the cancer specialist of her deterioration because the specialist's fax number had changed. The support Vallis received in her final days came from the community, not the state-run services.

Mawson's rage at the way the system had failed Vallis and her family fostered a new model of health care in a centre which would be built and owned by the people it served. At the Centre, the doctors would prescribe 'more than just drugs', with activities and opportunities allowing local people to take control of their lives and their immediate environment. His team set about creating Britain's first Healthy Living Centre. Mawson recalls in his book *The Social Entrepreneur* (Atlantic Books, 2009) that the National Health Service blocked the endeavour at every step, worried this approach would allow other groups to try to take control of their own health care and this would be 'inequitable'. Eventually a directive from the Conservative Minister for Health released the money to build the Centre and staff it for three years. It had taken six years to secure a new purpose-built building owned locally and with tenants generating rental income.

Mawson's instinct and perseverance prevailed. When the Blair government allocated millions of pounds to replicate the model across the UK, many of the centres failed – the central lessons of local ownership and initiative and tangible measures of achievement were ignored.

Mawson's leadership qualities and pioneering methods modelled aspects of successful social entrepreneurialism: drive, passion, the ability to locate unused buildings and use them creatively as a community asset, and to build partnerships to generate income and in-kind support. Partners that some would consider risky and controversial helped the Centre achieve great things.

Contrary to the best instincts of many, our economic system has been dominated by a system which measures value creation in only one dimension – financial impact, profit and loss. In the last few years, there has been considerable effort, particularly in Britain and increasingly in Europe, to develop reliable systems and language to measure social impact more broadly. The social impact of the Bromley-by-Bow Healthy Living Centre and its central role in its local community can be tallied: about two thousand people use the Centre regularly; a quarter of local households take part in regular activities – as users or volunteers – and at least a third have had some form of direct contact with it over the past year; the Centre employs 115 staff and a regular volunteer presence of fifty; two-thirds of the staff live in Bromley-by-Bow and 86 per cent live within a six kilometre radius. The impact is both tangible and intangible as a community has remade itself, health outcomes and social connectivity have been improved and despair has been replaced with hope.

Bromley-by-Bow has inspired others to innovatively develop local resources to improve lives and the Community Action Network which Mawson co-founded now has 850 other British social enterprises, but there are many others as well. A pioneering Scottish mental health social enterprise, imaginatively named Rolls on Wheels, trains and employs people with enduring mental health problems to make lunches for day hospitals in a disadvantaged area of Edinburgh. Its profits are reinvested in employment and community development. The New Economics Foundation calculates that for every \$250 spent by the local health authority on the contract, an additional \$240 is generated for the local economy from the service. With total sales of \$440,000 a year, this is a significant reinvestment. And the impact of providing socially inclusive contact, informal medical supervision and employment is just as valuable.

Ten years ago, Labor MPs Mark Latham, Lindsay Tanner and I had dinner with Andrew Mawson in Canberra. We listened as he described his fifteen-year journey to forge a new way, through trial and error and an unshakeable faith in the capacity of ordinary citizens and communities, to drive social innovation and community-centred responses to social need. He described working outside

government if necessary, working in funding partnerships with local people, businesses and councils, backing people not systems. It was hard not to be affected by his enthusiasm for people-centred solutions and for his early successes. This was a significant move from the old grant-dependent community development model.

We are surrounded by the orthodoxy of risk aversion, but social entrepreneurs challenge orthodoxies, take risks and persevere. Mawson learned to embrace the risk and opportunity of each stage of new challenges. In the same way, 2006 Nobel Prize Winner Muhammad Yunus took a risk when he started the Grameen Bank giving micro-loans to the poorest Bangladeshi villagers – primarily women who traditional bankers said would never repay the loans. Mawson challenged the assumption that charities and corporations had few common meeting points, and the cultural assumptions of some charitable organisations which considered themselves ‘pure’ and ‘noble’, ‘untainted’ by profit-seeking activities. He approached big corporate sponsors and helped to pioneer the increased presence of corporate social investment and partnerships with local communities.

Initially, many in the third sector – charities, co-operatives, non-government, voluntary, community and employee-owned organisations – treated this with extreme suspicion. At first the suggestion that they should try to behave more like business was almost heresy, despite the role of the Australian third sector in Job Network. But the logic of this approach – helped by the high profile examples of Bromley-by-Bow, Grameen Bank and companies like The Body Shop, and Victoria Hale’s not-for-profit pharmaceutical company OneWorld Health – prevailed. Over the following decade, especially in the UK and USA, the third sector became increasingly comfortable with the benefits that could come from generating income rather than always being dependent on handouts. The pioneering partnerships that emerged had the effect of blurring traditional boundaries which saw charities operating as not-for-profits on the opposite end of the spectrum from corporations operating with a profit motivation. Examining the question about the place of profit in this sector revealed a more central question about the role and source of profit. The logic of profits with a purpose, totally reinvested in the core purpose of social ventures, made increasing sense to the third sector and began to have an impact on traditional businesses as well.

Today that blurring has seen the emergence of a new spectrum of enterprises ranging from traditional non-profit organisations, non-profits with income generating activities, social enterprises and businesses and socially responsible businesses to corporations practising social responsibility within a traditional for-profit framework. Kim Alter, the founder of Virtue Ventures and a Skoll Fellow, describes not-for-profits and social enterprises as being focused on creating social value, using commercial methods to support their social mission. The for-profits with a social responsibility agenda focus on creating economic value, pursuing a sustainability strategy of ‘doing well by doing good’.

The vast majority of third-sector organisations are engaged in creating public, social or environmental value, rather than private value. Yet in Australia we still use the limiting and negative description of 'not-for-profit' to describe distinctive third sector organisations that may be generating profits from income earning enterprises, and even relying on that for sustainability. Like the term 'philanthropy', 'not-for-profit' is one of those shorthand terms that inhibits understanding.

In early 2000, I visited Bromley-by-Bow to observe for myself. Noel Pearson has also visited and, like me, found an organic self-sufficiency belying the bleakness of the monolithic concrete housing estates; the community-based and led Healthy Living Centre was a lively community hub. Noel Pearson and the Cape York Institute and Partnerships have been at the forefront of developing this new model in Australia. Its links with Westpac, Boston Consulting and the National Australia Bank among others, have been central to the new approach of innovation and sustainability that has evolved in the disadvantaged communities of Far North Queensland. When Mawson visited Cape York last year the two leaders reflected on the way even a well-meaning public sector, with no institutional memory or strong local connections, can almost guarantee failure.

Pearson has much in common with Cherokee leader and social entrepreneur Rebecca Adamson, who in 1980 set up the First Nations Development Institute. It has a three-pronged strategy of educating grassroots practitioners, advocating systemic change, and capitalising Indian communities. The First Nations Development Institute 'works to restore Native control and culturally compatible stewardship of the assets they own – land, human potential, cultural heritage and natural resources – and to build new assets to ensure the long-term vitality of Native communities'. The Institute believes that when armed with appropriate resources, Native peoples hold the capacity and ingenuity to ensure the sustainable economic, spiritual, and cultural well-being of their communities. Others have referred to this as a paradigm shift – from passivity to entrepreneurialism.

In the days before successful corporate and third-sector partnerships, there was a pervasive business culture assumption that most charities were unbusinesslike and wasteful with their resources and practices. There were frequent calls to measure the efficiency of those who received grants and donations and this became a well-developed area of public reporting. As a result, successful third-sector organisations have worked hard to ensure that they have learnt the lessons of business efficiency. The First Nations Development Institute, for instance, manages to spend less than a tenth of its budget on its administration and a similar proportion on fundraising expenses so that well over three-quarters of its income reaches its programs. The daily deluge of revelations of excessive spending on executive salaries, conferences and travel put the old criticism of third-sector inefficiency into a context that makes the inference offensive. The lesson of the new model is that learning needs to occur at both ends of the spectrum; right and wrong are not the sole preserve of either sector.

One fantastic example of a corporate and social business partnership, based on mutual respect and an equality of voice, is the British partnership between HSBC and Green Works, a social business that removes surplus or unwanted office furniture, and trains and employs marginalised people to refurbish it before selling the furniture at reduced prices to third-sector organisations. The business challenge for Green Works was to match the market for recycled office furniture with the supply. My students at the School for Social Entrepreneurs loved listening to Green Works founder Colin Crooks honestly describe how the collaboration with HSBC came about. Eighteen months before HSBC was due to move to new headquarters at Canary Wharf in East London, Crooks sent a 'cold-call' letter. He knew that the relocation would leave the bank with surplus furniture. As it turned out the bank had been planning to send three thousand tonnes of furniture to the dump for land fill – seven thousand desks and workstations, equal to 178 double-decker buses. The letter arrived at the right time, and HSBC staff embraced the offer. Green Works could provide a simple, one-stop, environmentally responsible solution. The major impediment at the time was that Green Works was essentially one man with a van making collections before and after office hours: it did not have the capital, manpower, logistics or warehousing to handle such a big project. But it was a huge opportunity which Crooks was keen to seize. The bank had to be convinced that Green Works could deliver.

In a leap of faith, HSBC agreed to pay a proportion of the fees for removing the furniture in advance. This gave Green Works the financial clout it needed to make the project happen. Today Green Works is an award-winning social business with an annual turnover of almost \$4 million, three London warehouses, forty-one employees, and five franchise operations with indirect employment generation, and the model of the possibilities of more embedded corporate third-sector partnerships. Green Works has become a trailblazer in showing how social enterprises can build equal business partnerships with big corporations, assisting them to meet corporate social responsibility goals in socially innovative, embedded ways. This is many levels up from the one-off donations, employee collections, sponsorship, volunteering and other common forms of corporate social responsibility. This is long-term, sustainable and transformative. 'What Green Works was able to deliver for HSBC was efficient furniture clearance at the right cost – but the key is in the added value it brought as a social enterprise: the social purpose of the best use of the furniture for the benefit of others; the embedded nature of the business relationships,' Crooks said.

In 2001 I was Shadow Minister for Employment and also keen to add an innovative dimension to the Labor Party's employment policy. I included funded, pilot programs to support identifiable social entrepreneurs with community-based employment and regeneration solutions in six of the most disadvantaged electorates in the party's platform. These initiatives would address particular local problems and

empower communities. It is a matter of personal regret that these initiatives have fallen off the policy agenda as they are timelier than ever as we enter a period of high unemployment. After the collapse of Mark Latham's leadership, no one in the Labor Party has championed this model. It now falls naturally into the remit of the Social Inclusion Board established by Deputy Prime Minister Julia Gillard, but social businesses have not yet become a part of this agenda. This is partly because there has been no leadership for cultural change. There is a lingering public perception that much of the Australian third sector remains wedded to an old mode of charity and doing good.

After I lost the seat of Dickson in the Tampa-fuelled environment of the 2001 federal election, I moved to Britain to work on these pioneering policy ideas that had attracted me since that dinner with Andrew Mawson several years earlier. As Director of Learning at the London-based School for Social Entrepreneurs, founded by Michael Young in 1997, I was immersed in the innovative ideas that were driving this emerging field and able to observe the strengths and weaknesses from up close.

The term 'social entrepreneur' does not trip off the tongue lightly. Its associated entity, the 'social enterprise', is not commonly understood here either. In Australia we usually associate entrepreneurs with business – and then often with a tarnished sneer. This is unfortunate, because applying the best of the entrepreneurial spirit to enterprises and activities of direct benefit to communities has tremendous potential to unleash innovation, solve problems and improve the quality of life for many thousands of people here and abroad. It starts with an understanding of the role and character traits of a traditional entrepreneur like Sir Richard Branson – highly motivated, original thinkers and pragmatists who want to do things and are not constrained by the limits of old ways of thinking. The next step is to add a social/environmental aspiration to the business's core purpose, as distinct from the economic purpose of maximising shareholder wealth. This combination produces a marriage of entrepreneurial drive and social mission which leads to the creation of social businesses or ventures.

In a speech to the Skoll World Forum in 2006, Jeff Skoll, co-founder of eBay and through his eponymous foundation, the Skoll Centre for Social Entrepreneurship at Oxford University, said that social entrepreneurs are rebelling against one of the worst ideas that has ever gripped mankind – that the problems that surround us are so big that ordinary men and women can't make a difference. From his experience Skoll argues that social entrepreneurs see these problems as a call to action rather than a cause for despair: 'Some charities give people food. Some teach farmers to grow food. Social entrepreneurs have to teach the farmer to grow food, how to make money, turn it back over to the farm and hire ten more people. They're not satisfied until they have transformed the entire food industry.'

This encapsulates the difference between the nascent social enterprise space and the traditional third sector in Australia. There is still a narrow, welfare-oriented focus on creating employment as a tool of social inclusion. The contrasting model of large scale systemic change with a market orientation is happening around the globe, but is neither significantly embraced nor enabled here. This new model fosters the creation of employment, with jobs designed to address social and community problems, and owned by those directly involved. These jobs are qualitatively different from those produced as a result of private sector expansion or government stimulus.

Social market failure is not confined to one sector of the economy, or any one country. It can be seen in government inefficiencies in public service delivery, the rise of corporate power, and the retreat of the state in the face of free-market ideology. Australian social market failures include the lack of affordable housing and rental accommodation for those on low incomes, access to fair finance, affordable child care, real employment opportunities for Indigenous Australians, the proliferation of oil-based plastics in landfill and barriers to the use of renewable power. As a nation which prides itself on its technologically inspired innovative public policy genius, where is our Muhammad Yunus, Victoria Hale or Jeff Skoll, the socially innovative genius who has the capacity to inspire and transform?

One candidate might be Andrew Mahar from Infoxchange Australia. For twenty years, Mahar has been driving his socially innovative solutions to the unmet social need of 'digital inclusion'. He believes all Australians have a right to access and use information and communications technologies to participate in a socially inclusive society. In 1991 he began his Green PC social enterprise which trained unemployed and marginalised young people to refurbish recycled computers for resale at low prices. Since then Infoxchange has grown and diversified its business model and now employs sixty-five people in a range of related businesses and has forged partnerships with the government, corporate and third sectors. Its 'Parent Connect' wired a hundred households of families from Glen Orden Primary School in Melbourne's west, while Green PC supplied affordable computer and training packages to families with a child in the 'Learning for Life' program, in partnership with The Smith Family. Similarly, WorkVentures Connect IT offers quality, affordable, refurbished computer packs to people on Centrelink benefits, to schools, and to not-for-profit organisations. Infoxchange partners with corporations, including Westpac, which donate superseded computers which are then refurbished and loaded with donated software from Microsoft. Late last year Mahar launched Infoxchange's largest digital inclusion project – Wired Community @ Collingwood. This is designed to provide computers, internet access and training to a thousand households in the Collingwood Public Housing Estate. Although Mahar's enterprise has grown dramatically since he first had the idea to combine his computer skills with his concern for social justice, the question in terms of impact is one of replication and scalability.

Internationally, Infoxchange's sister organisation Info Timor earned a nomination for the prestigious Stockholm Challenge Award, which promotes the use of information and communication technologies to counteract social and economic disadvantage. The twelve Infoxchange-trained staff work at providing information technology services to schools, police, community centres and non-government organisations in East Timor. Recently, at a ceremony in Baucau, fifteen local village chiefs were presented with computers and a certificate recognising three months of computer training by Info Timor. These computers will be used to improve the governance of the District of Baucau.

Another contender for Australia's social inclusion genius might be mining magnate Andrew Forrest, Chief Executive of Fortescue Metals Group. In August 2008, Forrest launched an Australian Employment Covenant with the goal of signing up hundreds of companies to employ fifty thousand Indigenous people within the next two years to respond to an obvious unmet social need. Indigenous unemployment is more than twice the national rate. The Council for Reconciliation, of which I was a member, pioneered the development of partnerships between Indigenous leaders and mining companies in the 1990s under the chairmanship of Normandy Mining's Robert Champion de Crespigny. Two decades on this is still an unresolved problem. The question for 2009 and beyond is whether Andrew Forrest's plans can achieve the large-scale systemic change necessary, or whether his starting point is an incremental extension of corporate social responsibility which, in social entrepreneurial terms, is less market-oriented – in other words, whether this initiative is about companies creating extra jobs at the margin, or creating enterprises which produce sustainable, long-term employment.

Prior to the recent slump, which has hit the mining industry with particular ferocity, Forrest had obtained seven thousand commitments. If this number can be maintained, it is sufficient to have a quantifiable social impact and produce systemic change, as the covenant offers private sector jobs not simply work-for-the-dole obligations. It differs from other private sector commitments as the employer must commit to provide employment after training and assign a mentor for further on-the-job training. This is a big step forward, but depends on the largesse of companies and Forrest's personal authority. If Forrest's project were operating under Jeff Skoll's social enterprise model, these newly skilled Aboriginal employees would in turn train others, generate income from that training and use this income to buy training tools and machinery. This could ultimately transform Indigenous training and employment and produce an active Indigenous-led employment-ready trained pool of workers.

I was the Director of the Health Accelerator program at the Skoll Centre for two and half years until 2008. The Centre saw social entrepreneurship as the product of individuals, organisations, and networks that challenge conventional structures by addressing failures and identifying new opportunities in the institutional

arrangements that cause the inadequate provision or unequal distribution of social and environmental goods. Social entrepreneurship can be defined as any action that displays three key characteristics: 'sociality', innovation, and market orientation. Sociality entails a context, process and outputs that might reasonably be considered to be of public benefit. Innovation is the creation of new ideas and models that address social or environmental issues. Socially entrepreneurial innovation can be manifested in new products and services. Institutional innovation uses existing goods and services in new, more socially productive, ways; incremental innovation reframes terms of reference to redefine social problems and suggest new solutions, and disruptive innovation is a performance-driven, competitive outlook that drives greater accountability and co-operation across sectors. Social enterprises specifically address conventional competitive markets, but social entrepreneurship broadens the conception of a 'market' beyond the neoliberal definition to suggest that markets establish exchange value that is inevitably socially embedded. Thus, market orientation also includes ideas of reciprocity and the common good. Social entrepreneurship can be the product of for-profit and not-for-profit organisations, as well as of many hybrids in between. It is also found in the public sector.

Professor Greg Dees from Stanford University was one of the first academics to publish on the subject in his 1998 report, *The Meaning of Social Entrepreneurship*. Dees used the working understanding that social entrepreneurs play the role of change agents in the social sector. They do this by adopting a mission to create and sustain social value, not just private value; recognising and relentlessly pursuing new opportunities to serve that mission; engaging in a process of continuous innovation, adaptation and learning; acting boldly without being limited by resources currently in hand; and exhibiting a heightened sense of accountability to the constituencies served and for the outcomes created.

By these definitions, the British sociologist and politician Michael Young was a serial social entrepreneur. As the director of research for the British Labour Party in 1945, he wrote the party's manifesto and set the frame for the post-war welfare state. Young was a critical and original thinker and activist who went on to found the Consumers' Association in 1956 and then the Institute of Community Studies, the College of Health and the University of the Third Age. As these organisations turned up evidence of unfulfilled needs or unsatisfactory service he responded with yet more: the Open University; the International Extension College to spread distance learning to Africa and Asia; the Open College of the Arts to extend distance learning into the creative arts; Commuter Study Clubs so regular commuters could learn from each other; Language Line, a telephone interpretation service for doctors, police and the non-English-speaking people they dealt with; the Family Covenant Association to provide welcoming ceremonies for children; the National Funerals College to improve the conduct of funerals; Healthline to provide telephone information on

health matters; the School for Social Entrepreneurs to train community innovators, where I later worked, and even a community garage in Milton Keynes offering professional support for people who wanted to service their own cars.

The Young Foundation operates from Young's original premises, a Victorian terrace in Bethnal Green, London. Now a centre for social innovation, the terrace is an expanding hub and home for numerous organisations, including the School for Social Entrepreneurs (SSE), engaged in social innovation from brand new start-ups to existing service providers and campaigns. Building on the Young tradition, the school undertakes research to identify and understand unmet social needs and then develops practical initiatives and institutions to address them – in fields as diverse as health and education, housing and cities.

Paul Hodgkin, a Sheffield general practitioner and one of my students, was a man imbued with the Young tradition. Prior to SSE he had begun a social enterprise training young disabled people as coffee bean roasters, and had also identified the need for the health system to be more responsive to the wisdom and insights of patients. He wanted to make the contemporary feedback of patients available to the National Health Service to assist them in developing and improving services and to give doctors, nurses and managers a feel for what patients were saying about the service they managed. The collated feedback could be used as part of the evidence that every British hospital had to submit each year to show the Healthcare Commission that the hospital used patient views to improve services.

From his long experience as a doctor, Hodgkin knew that the old ways of doing this – inviting a patient to sit on a working party or carrying out a survey – did not work very well. He devised a Web 2.0 feedback tool, Patient Opinion, as a way for thousands of patients to both share their own experience and gain support from others. He had start-up assistance from the Department of Health and the ongoing business model relied on selling data back to hospitals and a range of health authorities. Hodgkin calls this social innovation 'the democratisation of voice, allowing that public structured conversation about micro-aspects of health service delivery which hasn't happened up to now in the UK's NHS. And to which many hospitals respond'. Opinions are published online. They can also be sent directly to the health authorities with responsibility for administering the hospital and sometimes to individual managers in hospitals via a live feed. Opportunities also exist within the site for positive feedback to individual staff: nurses, doctors, cleaners. It is a model worth replicating in Australia. It is the 'real-time' aspect that makes it particularly effective, according to Hodgkin. Patients frequently make practical suggestions that the hospital can act on quickly, and because the site enables the hospital to announce online any changes, the patient gets speedy feedback. One of Hodgkin's considerations for the future of the model and plans for a national roll-out

is that, while the Department of Health has been supportive, there is a risk that if the site is extremely successful, ministers might be tempted to establish a centralised, and therefore no longer independent, version.

It can be argued that socially entrepreneurial individuals have always existed. In the 1890s Australia was known as the 'social laboratory of the world' and the social innovations of Friendly Societies and Mechanics Institutes running libraries as social ventures generated significant and enduring social capital. Housing associations and cooperatives are also examples of early social enterprises. Robert Putnam, in his famous book, *Bowling Alone: The collapse and revival of American community* (Simon & Schuster, 2000), described social capital as the networks that are an integral part of social groupings and an indicator of the strength of social and community relationships.

Now the scale and confluence of powerful twentieth century drivers have led to the emergence of social entrepreneurship on a global level. This is quite different, as is the consequent response of the financial sector and some governments to the resulting social innovations. Social businesses and enterprises are the response of a critical mass of people throughout the world who have concluded that there can be a different way of doing business. They pursue new ways to harness capital market models, incorporating traditional business tools and strategies to add a social and environmental bottom line to the traditional profit and loss statement. Rather than being driven to maximise profits for shareholders, social businesses reinvest their surpluses in the pursuit of the business's core social and environmental purpose. This is not a passing trend. It didn't take a world economic crisis to create social entrepreneurs – the passion to design solutions for the unmet need inherent in social market failures was already driving them. The current economic crisis, however, offers a global opportunity to forge a new way forward; one which I have described as moving beyond the dichotomies of free or regulated, private or public. This demands a more creative and fairer form of capitalism that includes social and environmental value and impact when assessing prosperity and freedom.

Pamela Hartigan, director of the Skoll Centre, sees the current financial crisis as a global opportunity for economic transformation. Hartigan was the founding director of the Schwab Foundation for Social Entrepreneurship, the sister of the World Economic Forum, and co-author of *The Power of Unreasonable People: How entrepreneurs create markets that change the world* (Harvard, 2008). She sees an opportunity for a phoenix economy to rise from the ashes of the old, driven by accelerating entrepreneurial approaches and disruptive innovations, including new technologies, new business models, and new laws and regulations geared towards creating new market systems. To me, that is a checklist of twenty-first century solutions.

In the twentieth century, a sevenfold increase in per capita wealth in developed market economies drove the emergence of a widespread middle-class and an increased productive life expectancy. Drivers of social change included increased literacy and education, affordable information technology and a communications revolution, and at the political level the collapse of faith in hierarchies such as traditional politics, the social impact of deregulated markets and the failure of centralised public sectors created the space, and the demand, for social innovation.

While the Western world has enjoyed the fruits of this increased affluence, the global financial crisis and climate change is demonstrating its limits, even for those in the richest countries. Already this is most acute in the developing world, where the poorest half of the world's inhabitants accounts for 5 per cent of global income. The combination of increasing crises, market failures and resource depletion can be seen in the depleted resources that leave three billion people 'water stressed', the tens of millions predicted to be affected by HIV-AIDS by 2010 and the tens of millions likely to lose their jobs this year alone.

One response, which started to have an impact well before the global financial crisis, is the Grameen Bank founded by Bangladeshi economist and social entrepreneur Mohammad Yunus, who pioneered the use of micro-credit. Yunus challenged the fundamental banking orthodoxy of the necessity of collateral to secure loans. He reasoned that this perpetuated poverty and that 'these millions of small people with their millions of small pursuits can add up to create the biggest development wonder'. Yunus loaned \$27 from his own pocket to forty-two women from the village of Jobra in 1976. They used the money to buy sewing machines and make clothes for sale. They used the income to pay back the loan and buy food, pay for their children's education and buy materials to continue their income-generating sewing. In a short time, the women had repaid the loan. The Grameen Bank, which defines itself as 'banking for the poor', sustains itself by charging a small interest on its micro-loans and recycling the capital to help other women. Its low default rates are the envy of traditional banks and its successful model has been replicated throughout the world. As of January 2009, it has nearly eight million borrowers, 97 per cent of whom are women. With 2,541 branches, the Grameen Bank provides services in 83,744 villages, covering all the villages in Bangladesh, it has disbursed over \$11 billion since it started, and plans to disburse \$1.5 billion this year.

The scale of its replication has been phenomenal: more than 106 million of the world's poorest families received a microloan in 2007, surpassing a goal set ten years ago. The loans have been used to start or expand a range of tiny businesses such as husking rice, selling tortillas, and delivering mobile phone services to remote villages. What is remarkable is that loans to more than a hundred million very poor families now touch the lives of more than half a billion family members around the world: half of the world's poorest people. The growth has been an extraordinary – 1,300 per cent,

well beyond the dreams of the most growth-obsessed transnational corporation. This movement points to a systemic change that is responding to a huge unmet need which has now moved into secondary markets. Yet in Australia, the horizons of the mainstream political parties are still focused on degrees of Keynesian or neoliberal responses to free or regulated markets and the old duality of private and public; there is little focus on reciprocity or the common good.

The limits of this old model are evident in the sterility of the political debate, and the economic crisis itself. But there are other ways of operating and these provide useful models to consider at a time of profound shock. Take the example of Victoria Hale, an American pharmaceutical scientist who became increasingly frustrated by the market forces dominating her industry. 'In 2000, I was chatting with a cab driver about my work. When I told him I was a pharmaceutical scientist he burst into laughter and said, "You guys have all the money." It wasn't the response I normally received when I spoke about my career, but I realised he was right. The pharmaceutical industry did have all the money and did make all the decisions about which drugs to develop – and we made those decisions based on the bottom line, the profit margin. The pharmaceutical industry is a business, and that is how a good business must operate. But what would happen if we took profit out of the equation?'

Driven by the purpose of creating financial profits for their shareholders, big drug companies which held patents for drugs to cure many infectious diseases chose to manufacture and market only those for which the well-off could pay for. To challenge this 'stable, but unjust equilibrium', Hale created the Institute for OneWorld Health, the first 'non-profit' pharmaceutical company whose mission is to ensure that drugs targeting infectious diseases in the developing world are accessible to those who need them, regardless of their ability to pay. Her business model involves her team of scientists identifying promising new drugs for neglected diseases and 'mentoring' them through clinical trials and regulatory approval. OneWorld Health contracts the manufacturing and distribution to companies and organisations in the developing world, creating in the process jobs and new economic pathways. In 2006 she began clinical trials in India and won approval to manufacture an off-patent antibiotic to treat a parasite which causes *visceral leishmaniasis*, the second deadliest disease after malaria in the country. The Indian government now distributes the drug free.

OneWorld Health received early and ongoing support from the Bill and Melinda Gates Foundation and has pioneered a collaborative space for pharmaceutical companies and universities to share and or donate intellectual property, professional expertise and, thanks to its tax-deductible status, financial donations. Involvement with OneWorld Health relies on the value of reputation enhancement: being seen to 'do good'. Whether Victoria Hale will manage to create a long-term sustainable model is uncertain, as OneWorld currently relies on collaborative goodwill, foundation and government funding.

Philosopher Peter Singer is at the other end of the spectrum. Singer recognises the reality of the existing corporate model but wants to find ways to use this to solve apparently intractable problems. He recently told corporate responsibility practitioners in Sydney that a better use of incentives might influence the behaviour of big pharmaceutical companies in their relationships with the developing world. He proposed the establishment of a Health Impact Fund whereby pharmaceutical companies are permitted to sell their drugs at high prices for the life of the patent, but then become part of a register for cheap generic copying. Through such a fund, rich nations would reward companies financially and enhance their reputation as they help reduce the global burden of disease.

Belu is another young, successful social business in Britain. It has taken commercial advantage of the current Western preference for bottled water, but unlike the oil-based bottles produced by the big beverage corporations, Belu's bottles are made of compostable cornstarch, the water is locally sourced and the product is not exported; it is available at a competitive price on the shelves of supermarket chains. While it produces bottled water, the business's core social purpose is to use its profits to invest in clean water products in the developing world. The bottles carry the distinctive marketing appeal – the purchase of one bottle in a British supermarket keeps one person in the developing world in clean water for a month. Since it began in 2000, with financial assistance from pioneering social entrepreneurs Anita and Gordon Roddick, who founded The Body Shop, Belu has generated net profits of over \$2 million which, through a partnership with WaterAid, it has reinvested in hand pumps and wells for twenty thousand water-stressed people in India and Africa. Belu is primarily a business which needs to survive commercially in order to meet its core social purpose. That is very different from a re-crafted version of grant-dependant aid or charity.

Café Direct, another social business, is Britain's largest Fair Trade hot drinks company, turning over more than \$35 million every year. Its tea, coffee and hot chocolate are on the shelves of every major supermarket. It buys coffee and tea from more than thirty-three producer organisations in eleven countries, ensuring that more than two hundred and fifty thousand growers receive a decent income from this trade by guaranteeing a fair price for their crops.

Fair Trade is one example of ethical consumerism, a world-changing social innovation of the last century. The sale of Fair Trade-marked food in Britain grew sevenfold in the five years from 1999, so that by 2004 the ethical consumption market was worth \$57.3 billion and two-thirds of the population reported choosing a particular product or service on the basis of the company's reputation for social and environmental responsibility.

Yet in Australia shoppers have to rummage around, often on the bottom shelf of the big supermarkets, to find Fair Trade products. We tend to revisit the whole ethical consumption debate only at Christmas when we consider alternatives to

the mass consumerism that swamps us. I don't believe that Australians are less interested or less 'ethical'. There is a failure of leadership to connect us to both our immediate region and the wider developing world. It would be easy for the corporate sector and Australian governments to lead Fair Trade coffee, tea and hot chocolate procurement practices, and to purchase from smaller social businesses as well. There is no reason to leave it all up to Oxfam.

Globally, the impact of leading social entrepreneurs is becoming clear as they drive systemic change transparency, accountability, certification and challenge methods of accounting for value creation beyond the one dimension of financial value. Social entrepreneurs are now fully integrated into the World Economic Forum program. Alongside the blurring and hybridising of the traditional boundaries between the private, public and third sectors, there has also been a dramatic change in the definitional boundaries of the financial sector and the emergence of a hybrid resource called social investment. This comprises the resources required to empower social and environmental change: financial capital – money; social capital – networks; and human capital – expertise and skills.

These are mobilised annually at the World Forum hosted by Jeff Skoll at Oxford to encourage the growth of the global network of social entrepreneurs. The theme of the 2006 Forum was an analysis of how philanthropy, social investment and mainstream capital could better lever social returns. Al Gore, in his presentation, made the prophetic observation that 'the investment market is functionally insane and we are operating the planet as a business in liquidation'.

In addition to his success with the film *An Inconvenient Truth*, Gore and his partner David Blood, the former chief executive of Goldman Sachs Asset Management, set up Generation Investment Management to challenge the prevailing orthodoxy that the only relevant tool for measuring 'value' is modernisation and the short-term mania in markets and the resulting irrational system for allocating capital. Investors have increasingly recognised the connection between the allocation of finance and its social and environmental impacts. This has resulted in a burgeoning field of players who have left conventional institutions to start new social investment organisations.

One such person is Australian Kylie Charlton, who recently teamed up with Eric Savage, an alumnus from Harvard's Kennedy School of Government, to launch Unitus Capital, one of the first financial advisory firms designed to meet the investment needs of social entrepreneurs. Unitus Capital is registered in India and operating initially in South-East Asia. It grew out of the capital markets group of Unitus Inc, a non-profit organisation that works to alleviate global poverty by increasing access to micro-finance. Unitus Capital has over \$8 million in backing from private investors, and aims to become a boutique investment bank for social entrepreneurs working to improve the lives of those at the bottom of the economic pyramid. Charlton is managing director of the new organisation and is determined to

transform the investment environment to better serve social entrepreneurs by working with them to ensure they have access to the growth capital they need. To me, Charlton represents the values and mobility of her generation. She worked in investment banking in Australia and America and moved to the USA to work with Unitus leading its capital markets strategy before becoming part of the founding team for Unitus Capital. Her MBA studies at Oxford's Saïd Business School in 2004 were motivated by a desire to use her skills differently: 'I can stay an investment banker for the rest of my life, or apply my finance skills to initiatives aimed at improving the lives of the half of the world's population that lives on less than US\$2 per day.'

As part of her MBA, Charlton did a strategic consulting project at the Cape York Institute of Policy and Leadership and this, combined with the Saïd Business School's elective course in social entrepreneurship, exposed her to the potential of applying capital markets to solve some of the world's most challenging social problems. There are lots of socially entrepreneurial 'Kylies' out there, changing our world, creating significant social value by challenging the old ways of thinking and doing.

Others have urged and inspired foundations to employ tools of venture capital to invest in the organisational rather than the programmatic needs of social-purpose organisations, and this has led to venture philanthropy. Conventional venture capital is high risk equity and loans capital directed towards new or young businesses with prospects of rapid growth and high rates of return. The aim of this type of investment is to accelerate growth. It is usually accompanied by the venture capitalist taking a hands-on role in the management of the venture being funded. The same principles apply in venture philanthropy to produce a new style of engaged philanthropy. Supporters argue that it brings the entrepreneurial spirit and fiscal discipline of the for-profit arena to innovative philanthropic investment portfolios of high potential, non-profit organisations. What is different though, is that it does not always seek a financial return on the capital invested. In North America, the vast bulk of venture philanthropy is based on non-returnable grants, with a greater emphasis on social rather than financial innovation.

In Australia, just as the venture capital industry has been slow to develop, so too has social venture capital. There are few social venture capital funds established specifically for the purposes of providing equity or debt financing for social enterprises or other disadvantaged small business groups. Foresters Community Finance is active in pioneering investment options for social enterprises and community assets and Social Ventures Australia has pioneered linking innovative social enterprise proposals with business mentoring to work the proposals into viable business and investment opportunities. Those judged capable of success have been provided with seed funding and close mentoring from skilled business professionals.

But, generally speaking, the access to capital for innovative community or individual social projects and ideas has been undeveloped. In Britain, Community

Development Finance Institutions are a significant and registered presence in the field, raising finance and investing it in local community-owned or small business enterprises and providing business training and support to accompany the investment. This finance is usually grants and loans. Foresters recently assisted Logan Women's Health Centre in Queensland to design a financial plan and buy their building which was in danger of being sold by the developer owner. In an interesting twist, the developer bought into the new investment model.

A study by Mark Lyons and Kathryn Parker in 2003 examined parliamentary and other reports over the previous twenty years and found that, while there were several proposed policies that would have encouraged the emergence of community finance in Australia, these were ignored. The evidence of this lost opportunity is now obvious as there has not been identifiable investment in areas of unmet social need at the local level.

There are other examples of innovations designed to accelerate the flow of capital to social entrepreneurs with replicable, innovative start-ups including the experiment of Brazil's Social Stock Exchange, launched by the Sao Paulo Stock Exchange in 2003. It uses a brokerage model to bring together investors who wish to support those with a social mission and the organisations needing the capital. The investors purchase 'social shares' in initiatives recommended by the Social Stock Exchange Board. It's an innovative start but, as Muhammad Yunus wryly observed in his Nobel Lecture in December 2006, this new movement will require supportive infrastructure including new ratings agencies and *The Social Wall Street Journal*.

One such element of the supportive infrastructure needed is the development in Europe of Social Return on Investment (SROI), an impact measurement tool used to ascribe financial worth to the social value an organisation creates through its activities, outputs and outcomes. SROI is one of a range of tools that help third-sector organisations prove their impact. This is important in the new marketplaces in which third-sector organisations are operating: governments need to establish 'value for taxpayers' money' from contracting out services; funders want proof of the value and impact of their investments; and third-sector organisations themselves are keen to prove their added value to assist their chances of gaining funding and achieving success in these new markets.

SROI is a framework to help understand the value of social change from the perspective of those affected. It tells a compelling story of change, with a mix of narrative, qualitative and financial measures. It provides a financial proxy value of change, which can be understood alongside traditional financial costs. It is transparent and consistent and aims to create a more tangible currency in social value that everyone can understand. For both governments and organisations, it can also help focus attention on particular activities and how well they are working to achieve social change.

One example of pilot work demonstrating how this can work can be seen in the British example of Fab Pad, a project which supports young homeless people to sustain new tenancies. Project leaders, Impact Arts believes that by engaging young people in making their new environment a home there will be less chance of them becoming homeless. The SROI evaluation carried out on Fab Pad revealed that for every pound invested by the government in support, £8.38 of social return was derived in reduced health care costs, reduced welfare benefits expenditure and reduced costs of repeat homelessness. The British Office of the Third Sector is currently working with UK Treasury to explore how SROI can be integrated into the Green Book methodology: in other words, into the way Treasury calculates 'value creation'. Are you with us, Mr Swan and Dr Henry?

There's nothing quite like a global system's failure to create the space for change. Geoff Mulgan, director of the Young Foundation which has a focus on the creation of a network of international Social Innovation Exchanges has been quick to draw attention to what he calls 'the mainstreaming of social innovation'. US President Barack Obama has created a new Office of Social Innovation as a venture capital fund to finance not-for-profit groups active in health, education and the environment. European Union President José Manuel Barroso is also leading a new push to link innovation strategy to social goals. Denmark has been integrating innovation into the work of its main government departments, from tax and social affairs to industry. Italy has set up a bank for social enterprise. Spain is setting up a 'Social Silicon Valley'. Korea's Hope Institute has been at the forefront of using the web to link citizen ideas to government. Foundations in North America have been experimenting with new forms of social investment, as well as using online collaboration to speed up problem solving. Contemporary examples include community wind farms, Linux software and other open source methods such as Wikipedia and Ohmynews, an online newspaper website originating in South Korea which employs over thirty thousand citizen reporters. These initiatives demonstrate exciting and inevitable capacity to drive changes in the way we currently operate our democracies.

So what, if anything, are we doing in Australia? There is an active hub of social enterprises in and around Brisbane fostered in part by the active support of the Brisbane City Council and some Queensland state departments in their use of social tenders for procurements contracts for social enterprises for such work as mowing parks and regular catering for large gatherings. The Howard Government established Business Community Partnerships. And the Centre for Social Impact was established in 2008 with funds provided by the Howard Government. It is a collaboration between the business schools of NSW, Melbourne and Swinburne universities with the stated ambition of 'helping to build an Australia centre renowned for its professionalism in delivering community benefit and its capacity to generate social innovation.' In February 2009 the South Australian government confirmed funding of

its Australian Centre for Social Innovation in Adelaide. The School for Social Entrepreneurs Australia, supported by the Vincent Fairfax Foundation, and based in Sydney's inner west has also recruited its first students.

The Victorian Labor Government, the most progressive of the states in this field, has recently established Social Traders, a collaboration between it and a private philanthropic family trust. Social Traders will incubate social enterprises which help provide job training and work opportunities and will be run by a consortium of cross-sector organisations with extensive experience in community and social enterprise development. The Brotherhood of St Laurence has been actively developing community enterprises for some years.

But these endeavours are a very limited response to a trend which is gaining enormous momentum internationally. There is clearly a need to invest in technological innovation, but there is also a need to invest in social creativity. Australia needs the leadership to provoke and enable us to move beyond Hills Hoists, wine cask bladders, Victa lawnmowers and Speedos to the 'Social Silicon Valleys' – the places and institutions that will mobilise resources and energies to tackle social problems in ways that are comparable to the investments in technology made in the first Silicon Valley and its equivalents around the world. Since its election the Rudd Government has given policy priority to consultation with the third sector on a National Compact ('to develop effective relationships between Government and the sector to build social inclusion'), an inquiry into disclosure regimes for charities and not-for-profit organisations and a reference to the Productivity Commission 'to construct a new tool to measure the contribution of third-sector organisations to our economy as the starting point for maximising the sector's contribution to social inclusion, employment and economic growth.'

This is a disappointingly technocratic response. By all means let's continue to collect evidence to inform policy choices, but isn't a twenty-first century Australian government capable of multi-tasking, and forging ahead with what we already know from international best practice?

I find it enormously disappointing that, with an 'investment bank' of over \$51 billion, the Rudd government with its 'Long Term Nation Building Investments' (buildings, computers, physical infrastructure) has failed to grasp the enormous potential of this generational opportunity to invest meaningfully in transformative social infrastructure. How about a \$500 million Social Investment Fund with matched funding from social investors? Perhaps that matched funding could come from a marshalling of the existing collective corporate social responsibility dollars into a consortia fund for the purpose of huge systemic impact?

Or a variation on a creative British idea: a Social Investment Bank with the capital to come from forgotten savings that are held by banks – so-called unclaimed assets. This bank could supplement funding for the work that third-sector organisations will

be required to do in the next few years with those marginalised by the effects of the financial sector's instability.

Or investment in specific social innovation projects: again in the UK, the government has launched a collaboratively funded 'Next Practice Programme' which will support and showcase the best in third-sector innovation. Fourteen projects working across the issues of independent living and excluded young people will receive support packages that can include expert consultancy and a share of a \$550,000 National Endowment for Science, Technology and the Arts and Innovation Exchange Fund.

It is important that Australia not be missing in action from this global revolution. What is clear is that governments need to enable a supportive policy and fiscal environment as a catalyst for change and as an investor in solutions that work. From its election in 1997, the British government under Tony Blair, and continuing under Gordon Brown, has enthusiastically embraced the opportunity for social enterprises to contribute to Labour's policy goals of a fairer, more just society by meeting unmet social needs, addressing environmental challenges, encouraging ethical markets and raising the bar for corporate responsibility. Gordon Brown when he was Chancellor of the Exchequer said: 'Today, corporate social responsibility goes far beyond the old philanthropy of the past – donating money to good causes at the end of the financial year – and is instead a year round responsibility that companies accept for the environment around them, for the best working practices, for their engagement in their local communities and for their recognition that brand names depend not only on quality, price and uniqueness but on how, cumulatively, they interact with companies' workforce, community and environment. Now we need to move towards a challenging measure of corporate responsibility, where we judge results not just by the input but by its outcomes: the difference we make to the world in which we live, and the contribution we make to poverty reduction.' Is our vision as comprehensive as this?

Within its first term, the Blair Government created a dedicated Office of the Third Sector within the Cabinet Office. This led to a specific Social Enterprise Action Plan in 2006 to actively foster across all departments a culture of building an evidence base, disseminating knowledge, enabling access to appropriate finance and making it possible for social businesses both to grow and participate in government procurement options.

Such an enabling policy environment has been a factor crucial to the success of the third sector's involvement in social solutions in Britain where there are now around 55,000 social enterprises, with indications that the numbers are rising. The total turnover of social enterprises is estimated at \$60 billion, or 1.3 per cent of the total turnover of all businesses with employees; they contribute \$18 billion to British gross domestic product; and a further \$40 million is slated for investment in the next three years. A new, more appropriate legal structure that hybridised the best aspects of charities and companies – the first new legal form of company for a century – was

created in 2005 and more than a thousand community interest companies (CIC) were created over the next two years. They are limited companies, with a 'community interest test' and 'asset lock', which ensure that they are established for community purposes and the assets and profits are dedicated to these purposes. Registration of a company as a CIC has to be approved by the regulator who also has a continuing monitoring and enforcement role.

I am an unapologetic, but not uncritical admirer of British intellectual leadership in social investment and innovation. Given our cultural and governance similarities, there are many simple but effective ideas which could assist Australia to catch up on social investment. Tax relief is one such area: it can support lending to enterprises in disadvantaged communities excluded from mainstream sources of finance, or be given to individuals and corporations investing in accredited Community Development Finance Institutions, which provide finance to qualifying profit-distributing enterprises, social enterprises and community projects. We could follow the British example of the national government investing directly in local community organisations, to enable them to run under-used local authority assets. The aim is to lead a sectoral cultural change so that governments and corporations move from seeing themselves as 'top-down providers' to 'social investment partners' with mutual aims, facilitating consultations with leaders in the sector but not expecting that sector leadership to neatly devolve to one person or one peak organisation. We have a great tradition in Australia of reducing complexity to one spokesperson: Tim Costello as the spokesperson on anything to do with 'social justice', one prominent unionist, one representative woman, one prominent business peak body, one 'welfare' spokesperson. Let's resist this and embrace the complexity and richness of diversity.

I want to contribute to a new reality of the third sector in Australia having a meaningful and equal voice in national conversations, alongside the public and the private sectors. I want to be one of the starting points for more meaningful interaction between the sectors and the legitimisation of opportunities for third-sector organisations to have the capacity to enter into equal business partnerships with the corporate sector and governments.

Today I read that the British are re-embracing their allotment system where communal gardens are grown as a local community-based response to the current financial crisis and rising unemployment and that cooperatives are experiencing a resurgence of investment. For me, learning about the third-sector and facilitating its growth has been a journey from the limits of being an Australian parliamentary representative, to a celebration of the global challenging to the 'accepted wisdoms' now finding new truths in social values-led systemic transformation. I draw inspiration from Victoria Hale, who has taken on a global mission, and from my 'adopted' daughter Olivia for her generosity in returning to Kampala to inspire another generation of Ugandan street children to find a way out of poverty through economic self-sufficiency. That nourishes me spiritually as well. ■