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MEDIA RELEASE

Future Employment Opportunities Inc (FEO) has demonstrated that it is a leader in its community by managing a range of social enterprises to create jobs.

- These include:
- The Eaglehawk Recycle Shop
 - TradeStart
 - Enhance
 - Workspace Australia

Please see the attached article from The Age – 5th October 2009 - in which Jan Owen, Social Ventures Australia, highlights the benefits of social enterprises.

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Investing for the heart, not just the wallet

ET'S move on from the obsessive picking over of the financial market structures that precipitated the global financial crisis. Visit the site of the Eaglehawk Recycling Yard in Bendigo and you will see the practical and local face of the most significant and worthwhile emerging financial market trend in two generations.

The recycling yard was set up by social entrepreneur Peter Cox in 1994 with a \$14,000 government grant, a scavenging licence and 10 volunteers.

Today, it is a vibrant small enterprise that generates more than \$500,000 a year in revenue and employs 14 people by recycling goods from the large Eaglehawk tip.

For most employees, it is the first time they have had sustained employment in their lives. Eaglehawk Recycling Yard has created real and sustainable jobs and is providing a community environmental benefit by extending the life of the tip.

Mr Cox, who has been involved in community affairs for more than 40 years, advocates community organisations using local assets to generate income.

His parent organisation, Future Employment Opportunities, aims to expand the recycling business itself and help other communities around Australia replicate the model.

This successful social enterprise is a local example of an important global movement that is starting to take shape.

Nobel Peace Prize winner Muhammad Yunus, founder of the now multibillion-dollar micro-lender Grameen Bank, was instrumental in giving a face and a profile to the idea that effective use of smart business practices, applied for social purposes, could have a huge impact. The fact that there will be more than 500 people attending the second Social Enterprise World Forum being held in Melbourne next week, including more than 60 international practitioners and experts, is testament to the growing interest in how social enterprise works and, most importantly, how it can be replicated and grown.

Best practice emerging here and around the world reinforces that the key ingredients for successful social enterprises are:

- The entrepreneurs themselves, who combine their passion for social change with an ability to use business and commercial disciplines to ensure the ventures they create have far greater financial sustainability than conventional social programs that are dependent on grants or welfare.

- Clear ways of measuring and reporting outcomes. In particular, using tools such as Social Return on Investment that can track and quantify economic and social returns.

- New funding sources, with corporate and individual donors committing capital and willing to accept returns a little below conventional market returns in exchange for strong social impact.

What all this amounts to is the emergence of a new market. It is in its early stages and, like the development of any new market, it will take some time to develop the protocols and structures that will enable it to become more liquid, so



JAN OWEN

A financial market for the social-minded is a great leap forward.

that there is a greater flow of capital to those social ventures that need funding, and a deeper pool of potential social entrepreneurs from which to choose.

A key constraint, especially in the Australian market, is insufficient social investment capital.

There is a funding "gap" between the traditional provision of grants from charitable institutions, corporate foundations and individuals, and tapping into conventional debt or equity.

Many social enterprises have the capacity to support modest levels of debt or equity paying below market interest, but cannot sustain providing normal commercial returns.

The experience of Social Ventures Australia and others in the market here is that there are a growing number of prospective social investors who are prepared to accept a below commercial market return

It is the most significant emerging financial market trend in two generations.

providing there is clear evidence of the social impact and financial sustainability of what they are supporting.

This is why the development of clear reporting frameworks to support the social investment market are so important.

Analysis of Eaglehawk Recycling using the social return on investment approach highlights that for each dollar invested, there is a multiple of 3.9 times that is returned in the quantifiable social benefits deriving from creating enduring employment.

Being able to deliver evidence of this kind of social return, coupled with a willingness to have realistic expectations of financial return that take into account the financial sustainability of the social enterprise, is a building block for the new market.

For those prospective social investors who want to connect both their head and heart – seeing evidence of what their support is achieving and secure in the knowledge that their capital is being prudently protected – this sort of analysis is what will drive increasing levels of social investment.

And when that starts to happen, there will be a growing pool of social investment funds to support social entrepreneurs such as Peter Cox and others like him who are delivering economic and social returns that are significantly changing people's lives. That is a market worth building.

Jan Owen is executive director of Social Ventures Australia in Melbourne and is the convener of the 2009 Social Enterprise World Forum, on October 6-8.